



Financial review of Business Case

Report for Barnet Borough Council Unison Branch



Barnet Borough Council

Financial Review of Business Case

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Executive Summary

1. Introduction

- 1.1 Barnet Borough Council has embarked on a policy called the 'One Barnet Programme'. This is a major transformation of the whole of the Council's services. The programme has several bundles of various services each of which are taken through an option appraisal process followed by a business case. Gross Expenditure on these services in 2010/11 is £18.5million.
- 1.2 APSE has been commissioned by UNISON to examine the financial aspects of the business case that has been prepared for Development and Regulatory Services. Associate Consultant, Adrian Waite was retained by APSE to carry out the work on its behalf. Adrian is a highly experienced and respected local government finance expert. He has held a number of senior roles in local authorities including Director of Finance and s151 Officer and is a fully qualified member of the Chartered Institute of Public Finance and Accountancy; an Associate member of the Chartered Institute of Housing; an Honorary Fellow of the Institute of Public Sector Management and a Fellow of the Institute of Leadership & Management. A full CV for Adrian is appended to this report.
- 1.3 This report sets out the findings of APSE which suggest that the business case is far from robust and that the financial data that underpins it is insufficient to support its implementation. There is therefore a real danger that the Council's plans for radical transformation will be built on less than solid foundations and fail to achieve either the savings or the service improvements that the citizens and elected members of Barnet have been led to expect.

2. Conclusion

- 2.1 The Council has not complied with the requirements of HM Treasury Green Book in the preparation of this Business Case.
- 2.2 ***On the basis of the information with which I have been provided, I do not believe that the Council has presented sufficient financial information to support its calculation of the level of expenditure reductions and increased income that could be expected in future from Development & Regulatory services. Neither do I believe that it has presented sufficient financial information to demonstrate that these savings could only be achieved through outsourcing the services.***

3. Financial Data used by Barnet Borough Council

- 3.1 I have been asked to consider whether:
 - All relevant financial information has been included and considered – I do not consider that it is included in the

reports that are available to me – although more information may be available in sources that are not available to me.

- All presented financial information is accurate, complete, supported and reliable – I have no reason to doubt the accuracy of any of the information that has been provided. However, I do not think that all the conclusions that have been reached are adequately supported with complete information.
- All assumptions applied to financial data, analysis, assessment and presented information is reliably supported and properly sourced – I do not believe that all assumptions applied to financial data, analysis and assessment is reliably supported and properly sourced in the reports that are available to me.
- No relevant or critical financial information has been omitted – It is difficult to prove a negative (in this case that information exists that has not been reported) but I do not consider that conclusions are adequately supported with data in the reports that are available to me.
- The financial analysis in the model is robust, adequate and reliable – I do not consider that the financial analysis is sufficiently robust.

3.2 I have also been asked to identify:

- Missing financial information.
- Unreliable financial information.
- Inappropriate financial assumptions.
- Associated risks in relation to each of the above points.

3.3 The business case concludes that a certain level of reduced expenditure and increased income could be achieved through outsourcing. However, it is not clear from the information that has been made available to me that the assumed levels of expenditure reductions or increased income are supported by robust analysis of reliable information. Neither is it clear how the Council has concluded that these reductions in expenditure and increases in income could be achieved through outsourcing but could not be achieved in-house. If the Council possesses information to support its conclusions it is not contained in the reports that are available to me and neither has it been made available in the answers that have been provided to the questions asked by the Unions.

4. Financial Modelling and HM Treasury Green Book

4.1 The Council has prepared this business case in accordance with its own project management methodology. It has chosen not to adopt the HM Treasury Green Book methodology and defends its decision to do this. Consequently, the business case does not follow the methodology of HM Treasury Green Book.

4.2 With regard to comparing the Council's business case with the advice contained in the HM Treasury Green Book:

- Does the financial case identify and fill any funding gaps? – HM Treasury Green Book addresses the need to identify and fill funding gaps. This business case does not focus on this aspect of a business case partly because it does not focus on public investment. Instead it envisages a private partner providing the capital funding and focuses instead on the revenue savings that could accrue to the Council.
- Does it contain provision for dealing with the financing of any time or cost overruns? – This business case does not focus on time or cost overruns because it focuses on revenue expenditure as outlined above.
- Does it fully explain and estimate any contingent liabilities that may result from the proposal? – This business case does not focus on contingent liabilities because it focuses on revenue expenditure as outlined above.
- Focus on affordability; is full budget funding secured and budgeted by all parties? – This business case assumes that there will be reductions in expenditure and increases in income if the services are outsourced and that therefore they would be more affordable.
- What are the impacts on income / expenditure accounts and on balance sheet if applicable? – This business case calculates the impacts on income / expenditure accounts but makes no reference to balance sheets. However, it could be considered that balance sheets are not an important consideration in this case.
- Are potential cost over runs provided for and are there any contingent liabilities? – This business case does not address potential cost over runs or contingent liabilities because it focuses on revenue expenditure as outlined above.
- Any guarantees? – This business case does not address guarantees because it focuses on revenue expenditure as outlined above.

5. HM Treasury Green Book

5.1 HM Treasury has published 'HM Treasury Green Book, Public Sector Business Cases using the Five Cases Model: A toolkit' by Joe Flanagan and Paul Nicholls as a guide for public sector organisations that prepare business cases.

5.2 HM Treasury has also published a checklist for preparing business cases that poses the following questions with regard to financial appraisals.

Financial Case: (Financial Appraisal)
 Focus on affordability; is full budget funding secured and budgeted by all parties?
 What are the impacts on income / expenditure accounts and on balance sheet if applicable?
 Are potential cost over runs provided for and are there any contingent liabilities?
 Any guarantees?

6. Barnet Borough Council – Development & Regulatory Services: Business Case

- 6.1 The Council calculates that, collectively, if a private sector partner is sought; financial benefits could be as much as 20-25% from the current gross baseline figure. Over a ten year period (typical contract duration for such a service provision deal) financial benefits could equate to as much as £28.4million. This is significantly more than indicated in the One Barnet Framework, but is based on what the Council describes as a more robust analysis of both current service costs, and potential future service transformation. These figures do not reflect potential service level reductions, but it should be noted that this will always be an option for any partnership with regards to non-statutory functions and evidence-based service demand.
- 6.2 Barnet Borough Council’s methodology consists of four stages. These stages are outlined below:
- Establishing the Service Cost
 - The Potential to Improve
 - The Profiled Improvement
 - Development & Regulatory Services Cluster Potential for Improvement
- 6.3 The Council calculates the total cost reduction and total income increase as shown below:

Service	Total cost reduction £,000	Total income increase benefit £,000	Total financial £,000
Planning (Development Management)	3,522	1,753	5,275
Land Charges	165	1,254	1,418
Building Control & Structures	1,873	2,036	3,909
Planning Strategy	1,377	178	1,555

Environmental Health	2,835	612	3,448
Trading Standards & Licensing	233	125	358
Cemeteries & Crematorium Registrations	804	1,494	2,297
Highway Strategy	477	879	1,356
Highways Network Management	666	79	745
Highways Traffic Development	4,642	1,142	5,784
Highways, Transport & Regeneration	1,601	504	2,105
Regeneration	69	0	69
Total	19,703	10,303	30,006

6.4 The Council used commercial judgment and benchmarking data to arrive at the levels of cost reductions and increases in income that could be achieved. These levels are shown below:

Service	Cost Reduction	Income Generation
Planning (Development Management)	20%	15%
Land Charges	10%	15%
Building Control & Structures	15%	15%
Strategic Planning & Housing Strategy	15%	10%
Environmental Health	15%	15%
Trading Standards & Licensing	10%	5%
Cemeteries & Crematorium	15%	15%
Registration & Nationality	15%	20%
Highways Strategy	15%	20%

Highways Network Management	15%	10%
Highways Traffic & Development	15%	10%
Highways Transport & Regeneration	10%	5%
Regeneration	10%	5%

- 6.5 As a general point it is difficult to follow the Council's benchmarking calculations. There is also insufficient detail provided to be able to verify whether the benchmarking takes into account different circumstances, policies or levels of service in the different benchmarked organisations. There is also a lack of evidence to support the Council's conclusion that these cost reductions and increases in income could be best achieved through the outsourcing of the services. There are references in the documentation to other work that the Council has undertaken that could include this evidence. However, it is not contained in the documentation that has been made available to me.
- 6.6 The Council has chosen the word 'target' to describe the reduced costs and increased income that it is seeking. This suggests that these are aspirational figures based on what the Council would like to see rather than figures that are based on a realistic expectation of what would happen.
- 6.7 Consideration of some of the individual services suggests that some of the target expenditure reductions and income increases may not be realistically achievable.

1. Introduction

1.1 Introduction

- 1.1.1 I have been asked to prepare a financial review of a business case that has been prepared by Barnet Borough Council for UNISON through APSE.
- 1.1.2 My curriculum vitae is appended to this report. I have worked in local government finance in various capacities since 1981 including as Finance Director (and Section 151 Officer) of a Borough Council.

1.2 The Brief

1.3.1 Barnet Borough Council has embarked on a policy called the 'One Barnet Programme'. This is a major transformation of the whole of the Council's services. The programme has several bundles of various services each of which are taken through an option appraisal process followed by a business case.

1.3.2 In this project the bundle referred to is Development & Regulatory Services (DRS). UNISON has already seen an embargoed copy of the Development & Regulatory Services Business Case where we have stated the following:

"We would expect any project management process leading to this full business case stage to follow a consistent, considered and standardised framework such as Prince 2 or more appropriately for a project of this scale and nature the HM Treasury Green Book and associated supplementary guidance such as that written on business cases using the Five Case Model."

1.3.3 I have been asked by UNISON through APSE to establish if the financial model used provides reliable, adequate and comprehensive financial data, analysis, assessment and information to allow the decision makers (officers and councillors) to take a reasonable informed decision.

1.3.4 Regarding the scope of the work, I have been asked that the review assess that:

- The Financial Model follows and is consistent with best practice, for example, HM Treasury guidance, in terms of approach, structure and content.
- All relevant financial information has been included and considered.
- All presented financial information is accurate, complete, supported and reliable.

- All assumptions applied to financial data, analysis, assessment and presented information is reliably supported and properly sourced.
- No relevant or critical financial information has been omitted.
- The financial analysis in the model is robust, adequate and reliable.

1.3.5 I have been asked that the report should identify:

- Aspects that are not consistent with best practice financial modelling, for example, HM Treasury guidance.
- Missing financial information.
- Unreliable financial information.
- Inappropriate financial assumptions.
- Associated risks in relation to each of the above points.

1.3.6 The financial report should provide an overall conclusion as to whether the decision makers can reasonably rely on the financial model to make a sound informed decision on behalf of the stakeholders.

1.3.7 The timetable that is being followed is:

- The Development & Regulatory Services Business Case report was uploaded onto the Council website on Friday 18th March 2011.
- UNISON has asked their members to read the report and send their comments to the branch by Sunday 20th March 2011.
- UNISON needs the financial report from the consultant by Monday 21st March 2011.
- UNISON is looking to publish their responses by Wednesday 23rd March 2011.
- The Development & Regulatory Services Business Case is going to Cabinet Resources Committee on Monday 28th March 2011.

1.3.8 The sources of information that I have used in compiling this report are listed in appendix A. My curriculum vitae is contained in Appendix B.

1.4 Conclusions

1.4.1 Barnet Borough Council has embarked on a policy called the 'One Barnet Programme'. This is a major transformation of the whole of the Council's services. The programme has several bundles of various services each of which are taken through an option appraisal process followed by a business case. Gross expenditure on these services in 2010/11 is £18.5million.

1.4.2 I have been asked to prepare a financial review of a business case that has been prepared by Barnet Borough Council for UNISON through APSE.

1.4.3 My curriculum vitae is appended to this report. I have worked in local government finance in various capacities since 1981 including as Finance Director (and Section 151 Officer) of a Borough Council.

2. HM Treasury Green Book

2.1 Introduction

2.1.1 HM Treasury has published 'HM Treasury Green Book, Public Sector Business Cases using the Five Cases Model: A toolkit' by Joe Flanagan and Paul Nicholls as a guide for public sector organisations that prepare business cases.

2.1.2 A Business Case is defined as follows:

"The business case is a management tool and is developed over time as a living document as the proposal develops. The Business Case keeps together and summarises the results of all the necessary research and analysis needed to support decision making in a transparent way. In its final form it becomes the key document of record for the proposal, also summarising objectives, the key features of implementation management and arrangements for post implementation evaluation.

"Business cases can cover a wide range of types and levels of spending. Each case will be developed to reflect the type of proposal being considered. The effort departments expend on developing the proposal should be proportionate to the likely costs and benefits."

2.2 Methodology

2.2.1 Business cases can be broken down into five different aspects that are interconnected but distinct. The business case should enable stakeholders to ascertain that proposals:

- Are supported by a robust case for change – the Strategic Case.
- Optimise Value for Money – the Economic Case.
- Are Commercially Viable – the Commercial Case.
- Are Financially Affordable – the Financial Case.
- Can be Delivered Successfully – the Management Case.

2.2.2 The Business Case develops iteratively over time, often in three distinct stages

- Stage 1 – Strategic Outline Case (SOC) – the Scoping Stage.
- Stage 2 – Outline Business Case (OBC) – the Detailed Planning Phase.
- Stage 3 – Full Business Case (FBC) – Detailed Final Phase.

2.2.3 The purpose of the Strategic Outline Case is to confirm the strategic context of the proposal; to make a robust case for change; and to provide

stakeholders and customers with an early indication of the proposed way forward (but not yet the preferred option), having identified and undertaken SWOT analysis (Strengths Weaknesses Opportunities Threats) on a wide range of available options, together with indicative costs. This phase maps onto the Office for Government Commerce Gateway 1 (Business Justification). The Strategic Outline Case contains two steps: Making the case for change; and Exploring the preferred way forward.

2.2.4 The purpose of the Outline Business Case is to revisit the Strategic Outline Case in more detail and to identify a preferred option that demonstrably optimises Value for Money. It also sets out the likely Deal; demonstrates its affordability; and details the supporting Procurement Strategy, together with management arrangements for the successful rollout of the Scheme. This phase maps onto the Office for Government Commerce Gateway 2 (Procurement Strategy). The Outline Business Case contains four steps: Determining potential value for money; Preparing for the potential deal; Ascertaining affordability and funding requirement; and Planning for successful delivery.

2.2.5 The purpose of the Full Business Case is to revisit the Outline Business Case and record the findings of the subsequent procurement activities; together with the recommendation for an affordable solution which continues to optimise value for money, and detailed arrangements for the successful delivery of required goods and implementation of services from the recommended supplier/s. This phase maps on the Office of Government Commerce Gateway 3 (Investment Decision). The Full Business Case contains three steps: Procuring the value for money solution; Contracting for the deal; and ensuring successful delivery.

2.2.6 The financial case is concerned with issues of affordability, and sources of budget funding. It covers the lifespan of the scheme and all attributable costs. The case needs to demonstrate that funding has been secured and that it falls within appropriate spending and settlement limits. The focus in this section of the case is on capital and resource requirements (near-cash or non-cash) and so capital charges are included. The financial case is concerned with the impact upon budgetary totals.

2.2.7 Issues in addition to the proposal's affordability are:

- Does the financial case identify and fill any funding gaps?
- Does it contain provision for dealing with the financing of any time or cost overruns?
- Does it fully explain and estimate any contingent liabilities that may result from the proposal?

2.2.8 HM Treasury has produced a checklist for the assessment of business cases as follows:

What stage has the case reached, is it at the; - Strategic Outline; Business Outline or Full Business Case stage?

Does the case include all the elements of the 5 case model, i.e.: - Strategic; Economic; Commercial; Financial; Management?

Is the information in each element complete enough for the stage reached?

Is the case Green Book compliant?

Strategic Case: (the case for change) should cover rationale, background, policy context and strategic fit.

Are there clear **SMART objectives in terms of** outcomes and are dependencies, constraints and risks identified?

Is there a reasonable range of options in the long & short lists?

Is ruling out of potential promising options clearly justified?

Are all economic costs and benefits clearly calculated for each year covered by the proposal with Net Present Value calculated correctly?

Is distributional analysis needed, who benefits, who pays?

Are all costs and benefits quantified, if not is this justified?

Are there any decisive unquantified cost/benefits and are they clearly explained?

Are there appropriate sensitivity analyses, including worst case scenario?

Are results of each option presented clearly including do nothing/minimum option?

Are risks, constraints and dependencies identified and managed?

Is optimism bias properly included and aligned with risk?

Are wider impacts assessed e.g. sustainability, competition, regulatory impact?

Is there a Benefits register; benefits realisation (delivery) plan?

If the Private Finance Initiative is involved is tax properly treated and is risk transfer clearly achieved?

Is best Value for Money = maximum Net Present Value and if not do unquantified benefits justify the cost?

Exchequer impact calculated separately and not included in Net Present Value!

Are **monitoring** and **evaluation** costs included?

Commercial Case:

Is the proposal commercially feasible / deliverable?

What procurement is required; goods, services, land, buildings?

What is the procurement strategy?
What are the key contractual issues?
There must be clear contractual key milestones and delivery dates.
Is risk identified, managed and allocated?
Is there a risk allocation table?
What, if any, are the personnel implications and is Transfer of Undertakings (Protection of Employment) applicable?

Financial Case: (Financial Appraisal)

Focus on affordability; is full budget funding secured and budgeted by all parties?
What are the impacts on income / expenditure accounts and on balance sheet if applicable?
Are potential cost over runs provided for and are there any contingent liabilities?
Any guarantees?

Management Case (programme or project management)

Is the proposal practically deliverable and what are the delivery plans?
Are there clear delivery dates and detailed milestones?
Does the proposal require programme or project management techniques?
Is there a contract management plan?
Change management requires a change management plan!
If in a controlled environment such as Information & Communications Technology use of PRINCE2 is mandatory!
Does the plan include clear arrangements for Office of Government Commerce Gateway peer reviews?
Is there a contingency plan with arrangements and provision for risk management?
There should be a benefit realisation table and plan.
Does the plan include monitoring arrangements (who, when, how and costs)?
Does the plan include post implementation evaluation arrangements (including who, when, how and costs)?

Source: HM Treasury Checklist for Assessment of Business Cases

2.2.9 The five case model sets out an overall project structure as follows:

- Phase 0 – Determining the Strategic Context
- Phase 1 – Preparing the Strategic Outline Business Case
- Phase 2 – Preparing the Outline Business Case
- Phase 3 – Preparing the Full Business Case
- Phase 4 – Following the Full Business Case Appraisal

2.2.10 The gateway between phase two and three, that may be considered to be appropriate to this Development & Regulatory Services Full Business Case stage, requires the following steps to have been completed prior to passing through this gateway. Each of these steps has identified actions set out in the model:

- Step 4 – Determining Potential Value for Money
- Step 5 – Preparing for the Potential Deal
- Step 6 – Ascertaining affordability and funding requirements
- Step 7 – Planning for successful delivery

2.3 Conclusions

2.3.1 HM Treasury has published 'HM Treasury Green Book, Public Sector Business Cases using the Five Cases Model: A toolkit' by Joe Flanagan and Paul Nicholls as a guide for public sector organisations that prepare business cases.

2.3.2 HM Treasury has also published a checklist for preparing business cases that poses the following questions with regard to financial appraisals.

Financial Case: (Financial Appraisal)

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What are the impacts on income / expenditure accounts and on balance sheet if applicable?

Are potential cost over runs provided for and are there any contingent liabilities?

Any guarantees?

3. Barnet Borough Council: Development & Regulatory Services – Business Case

3.1 Introduction

3.1.1 Barnet Borough Council has produced a Business Case for its Development & Regulatory Services that is being reported to the One Barnet Overview & Scrutiny Panel on 23rd March 2011 and the Cabinet Resources Committee on 28th March 2011.

3.1.2 The report of the Cabinet Members for Housing, Planning & Regeneration and Customer Access & Partnerships recommends that:

“That Cabinet Resources Committee approves the Development and Regulatory Services business case, in order that the Council can begin the competitive dialogue process, following the previously approved placing of the OJEU notice.”

3.1.3 The Council considers that the Development & Regulatory services grouping of Barnet’s services covering regeneration, development and environmental regulation provides the borough with the opportunity to create a truly customer-centric service; and that it will provide potential partners with the opportunity to work with a high performing mature service in an emerging market. The mix of services will give a broad and co-ordinated offer to Barnet residents and businesses, from environmental development and place making to innovative environment regulatory services in the view of the Council.

3.1.4 The following services form the current scope of the Development & Regulatory Services Project:

- **Strategic:**
 - Regeneration
 - Strategic Planning and Housing Strategy
 - Highways Transport and Regeneration
 - Highways Strategy
- **Operational:**
 - Building Control and Structures
 - Planning Development Management
 - Land Charges
 - Highways Network Management
 - Highways Traffic and Development
- **Public Health, Consumer and Regulatory:**
 - Environmental Health

- Trading Standards & Licensing
- Cemetery & Crematorium
- Registration and Nationality Service

3.1.5 The Council calculates that it is facing a funding gap of £53million over the next three years and has considered a package of measures to balance the Council's budget in 2011/12 and the medium term.

3.1.6 The Council is seeking a new relationship with citizens in which services will secure expertise in terms of how aims and objectives could best be achieved in a climate of significant budget cuts from central Government.

3.1.7 The Council also wishes to pursue a relentless drive for efficiency in which services will:

- Benefit from the experience of a private sector organisation in enhancing performance whilst realising operational efficiencies.
- Secure the necessary investment in technology, process and change management to deliver efficiencies and service improvements.
- Be afforded the commercial experience to maximise income streams, secure the revenue, and return it to further support the maintenance and development of the Borough.
- Be better placed to capture and maximise the financial, economic and social benefits of large / sub-regional developments and ensure that the proceeds are returned to the Council in order to further support the Borough.
- Be liberated in terms of their current operational constraints by playing a pivotal role in ensuring the provision of more efficient and customer focused service channels.
- Improve their ability to share council intelligence, and utilise provider expertise to inform strategic direction, decisions and overall service delivery.
- Be able to facilitate speedier decision-making through process and system improvements.

3.1.8 The Council sees the relentless drive for efficiency as having three benefits:

- Maximise the revenue and minimise the cost of the services and, where appropriate, to make the services more commercially aware in order to further enhance the maintenance and development of the Borough.
- Access to appropriate levels of service investment.

- Secure a minimum of 10% reduction in service operating costs and a minimum of 5% increase in income whilst acknowledging the trade off between the two.

3.1.9 The Council has identified three methods of achieving this:

- Investment in technology, process and change management to deliver efficiencies in the management of key service volumes. Partner and client investment, business case-led approach. This is to be measured through 'core' investment assumptions and partner business cases.
- The achievement of a minimum 10% saving in service expenditure to support the requirements of the Council's financial planning; and partner efficiency solutions. This is to be measured through financial baseline, contract and payment mechanisms.
- The achievement of a minimum 5% net income growth to support the requirements of the Council's financial planning; Partner commercial solutions and development of a commercial services hub that is a traded entity. This is to be measured through financial baseline, contract, payment mechanisms including gain-share arrangements.

3.1.10 As a result of the high degree of regulation associated with some of the services, the Council recognises that there may be some functions or officer roles that lawfully cannot be performed by a third party under current legislation and regulation. The Council considers that there are a number of potential solutions where these conditions apply upon which legal advice is being sought; but for the purposes of this business case the Council has assumed that a larger client side would be retained by the Council than would normally be the case (7.5% at present, but could possibly be higher). The precise nature and extent of the retained client function will not be fully defined until later in the process of competitive dialogue. Equally, the cluster that is created at the end of the Competitive Dialogue process may not include all of the services currently specified.

3.1.11 Under existing arrangements, the thirteen services are delivered at a gross expenditure of £18.5million, and generate income of £10.3million (56% of expenditure). Staffing levels associated with the functions deemed in-scope for Development & Regulatory Services, equate to 276 full-time equivalents.

3.1.12 This scale of environmental and regulatory functions equates to a sizeable business, and the Council considers that it presents a

significant opportunity for end-to-end service re-design and associated benefits realisation.

- 3.1.13 The implications of other local authorities coming into the scope of the project have not been considered as part of this initial business case.
- 3.1.14 The Council calculates that, collectively, if a private sector partner is sought; financial benefits could be as much as 20-25% from the current gross baseline figure. Over a ten year period (typical contract duration for such a service provision deal) financial benefits could equate to as much as £28.4million. This is significantly more than indicated in the One Barnet Framework, but is based on what the Council describes as a more robust analysis of both current service costs, and potential future service transformation. These figures do not reflect potential service level reductions, but it should be noted that this will always be an option for any partnership with regards to non-statutory functions and evidence-based service demand.
- 3.1.15 At this stage, the business case has found that a Strategic Partnership still represents the most beneficial option for the Council, particularly in terms of the pace and complexity of implementation. The Council considers that this option will provide the freedom to trade services and generate further income, secure the necessary expertise to deliver service transformation, provide the necessary investment and high levels of commercial capability.
- 3.1.16 However, the Council considers that the possibility of establishing a Joint Venture (JV) with a private sector partner should not be completely discounted if it proves to be the most advantageous to the Council during the procurement process. Whilst the costs and risks associated with a JV model are judged at this stage to be higher than for a Strategic Partnership, the Council considers that the potential for a compelling bidder proposal should be left open to explore.
- 3.1.17 To maximise the potential for benefits realisation, in line with the aspirations of the Council's Medium Term Financial Strategy, it is recommended to Cabinet Resources Committee that pre-dialogue activity commences immediately.
- 3.1.18 The next steps that the Council proposes to take include:
- Proceeding to full competitive dialogue in June 2011, following the publication of the OJEU notice on 17th March 2011.

- At the end of the first stage of the competitive dialogue process, the dialogue team will submit a report to the Cabinet Resources Committee on the results of their evaluation of the six submitted outline solutions.
- Cabinet Resources Committee will be asked to approve the proposed short list for the second stage of the process in October or November 2011. A report on the costs of the project to date against budget will be submitted at the same time.
- In the Summer of 2012, Cabinet Resources Committee will be asked to approve the appointment of the preferred partner in order that the contract can be awarded.

3.1.19 The business case calculates that the potential financial benefits for the Council over ten years are as follows:

	£,000
Total Cost Reduction	19,703
Total Income Increase	10,303
Total Financial Benefit	30,006
Less Total Project Costs	1,635 –
Net Financial Benefit	28,371

3.2 Barnet Borough Council’s Methodology

3.2.1 Barnet Borough Council’s methodology consists of four stages. These stages are outlined below:

- Establishing the Service Cost
- The Potential to Improve
- The Profiled Improvement
- Development & Regulatory Services Cluster Potential for Improvement

3.2.2 Establishing the Service Cost:

- Current Service Cost
 - 2010/11 Gross Expenditure
 - Plus adjusted secondary recharges
 - Less 2010/11 income
 - Equals 2010/11 Net expenditure
 - Consider 2010/11 staffing costs
- Apply assumed implications for corporate change
 - New support organisation – assumed level of FTE (and cost) aligned to CSO functions
 - Customer Services Organisation – assumed level of FTE (and cost) currently aligned to CSO functions

- Retained client function – assumed level of FTE (and cost) in retained client function
- Efficiencies – budget savings planned for 2011/12
- Revised Service Cost
- The revised 2011/12 expenditure will be derived from applying the assumed implications to the known 2010/11 expenditure figures
- This will be the baseline for identifying potential cost reductions in the service cluster

3.2.3 The Potential to Improve

- Benchmarking
 - Use the benchmarked figures for 'best in class' expenditure and expenditure per 1,000 population to give an indication of the potential for providing the service at a reduced cost.
 - Use the benchmarked income as a proportion of expenditure figure to give an indication of the potential for increasing the level of income generated.
- If already 'best in class' or if benchmarking data is unavailable or unreliable select targets for improvement from the low-high bands. Consider any performance benchmarking and known local and external factors that may affect potential to improve
- Profile the Improvement
 - Use the selected improvement potential figures to profile the expected improvement over a ten year period.

3.2.4 The Profiled Improvement

- Profile the targeted expenditure and income levels
 - Use the improvement profile to profile the new expenditure result and increase in income generation
- Apply confidence range
 - Apply a confidence range of + / - 10% to the new expenditure result.
 - This is designed to give the authority a range within which we would expect the new expenditure to operate. This range should help determine whether a new provider could provide the same level of service at less cost.
- Final product: The final financial modelling product for each service within the Development & Regulatory Services cluster:
 - Revised service cost based upon income and expenditure and taking account of the assumed implications.
- Improvement profile based benchmarking where available or target for improvement.
- Profiled expenditure and increase in income generation over ten years.
- A confidence range within which we expect the profiled expenditure and income to fall

3.2.5 The Development & Regulatory Services cluster potential for improvement:

- Whole cluster gross expenditure: Derived by totalling each service's gross expenditure figures at the end of the period.
- Whole cluster potential to improve: Derived from the profiled cost reductions and income improvements for each service.
- Whole cluster targeted gross expenditure: Derived by totalling each of the services revised expenditure figure.
- Apply confidence range: Using the totalled new expenditure figure, apply a confidence range of + / - 10%.
- Final product – whole Development & Regulatory Services cluster: The final financial modelling product for the whole Development & Regulatory Services cluster:
 - Revised whole Development & Regulatory Services cluster cost based upon income and expenditure and taking account of the assumed implications
 - Improvement profile – the difference between the revised cost and the new expenditure
 - Profiled net expenditure over ten years
 - A confidence range within which we expect the profiled net expenditure to fall.
- Project Costs
 - To enable a GO / NO GO decision the full project costs (including procurement process) will be applied

3.2.6 The authority then makes an informed GO / NO GO decision around how services within the Development & Regulatory Services cluster are delivered in future.

3.3 Barnet Borough Council's Financial Analysis

3.3.1 The Council calculates the total cost reduction and total income increase as shown below:

Service	Total cost reduction £,000	Total income increase benefit £,000	Total financial £,000
Planning (Development Management)	3,522	1,753	5,275
Land Charges	165	1,254	1,418

Building Control & Structures	1,873	2,036	3,909
Planning Strategy	1,377	178	1,555
Environmental Health	2,835	612	3,448
Trading Standards & Licensing	233	125	358
Cemeteries & Crematorium Registrations	804	1,494	2,297
Highway Strategy	477	879	1,356
Highways Network Management	666	79	745
Highways Traffic Development	4,642	1,142	5,784
Highways, Transport & Regeneration	1,601	504	2,105
Regeneration	69	0	69
Total	1,439	248	1,686
	19,703	10,303	30,006

3.3.2 These total cost reductions and total income increases are calculated by assuming that a certain level of cost reductions and / or income increases can be achieved in relation to adjusted levels of budgets.

3.3.3 These assumed levels of cost reduction and increased income have been applied to adjusted levels of budgets. These adjusted levels of budgets have been calculated by taking 2010/11 budget data and making the following adjustments to arrive at a notional service cost for 2011/12:

- A standard 8% assumption (determined by the Council's corporate finance team) for secondary recharges was added to the gross expenditure figures
- Cost and FTE associated with New Support Organisation (NSO) functions, Customer Services Organisation (CSO) functions were deducted from the revised gross expenditure figure above.
- Efficiencies / budget savings planned for 2011/12 were also deducted from the revised gross expenditure figure above.
- 7.5% of service costs were also deducted from the indicative revised gross expenditure figure in order to factor in the retained client function (or services that will remain in the Council post the appointment of a partner). 7.5% is an increase on the 2-3% recommended by the Audit Commission and reflects the complexity

of the regulatory nature of the services and the potential need to retain some roles and functions within the Council.

3.3.4 The service costs are calculated as follows:

Service	Gross expenditure £,000	Gross recharges £,000	Efficiencies £,000	Retained Client £,000	Revised spend £,000
Building Control	1,549	147	29 -	94 -	1,573
Planning	2,153	260	43 -	152 -	2,218
Land Charges	198	23	0	14 -	207
Environmental Health	2,419	261	140 -	160 -	2,381
Cemeteries & Crematorium	640	63	0	28 -	675
Trading Stds & Licensing	301	41	27 -	20 -	294
Registration & Nationality	471	45	84 -	31 -	401
Highways Strategy	513	61	0	15 -	559
Highways Network Management	5,097	448	1,513 -	135 -	3,897
Highways Traffic & Development	2,245	204	999 -	106 -	1,344
Highways, Transport & Regeneration	94	0	0	7 -	87
Strategic Planning & Housing Strategy	1,733	151	0	72 -	1,812
Total	18,528	1,817	2,834 -	907 -	16,604

3.3.5 The income is calculated as follows:

Service	Gross income £,000	Income increases £,000	Revised income £,000
Building Control	1,839	0	1,839
Planning	1,583	0	1,583
Land Charges	1,133	0	1,133
Environmental Health	553	0	553

Cemeteries & Crematorium	1,294	55	1,349
Trading Standards & Licensing	338	0	338
Registration & Nationality	549	46	595
Highways Strategy	53	0	53
Highways Network Management	1,547	0	1,547
Highways Traffic & Development	683	0	683
Highways Transport & Regeneration	0	0	0
Strategic Planning & Housing Strategy	241	0	241
Regeneration	471	200	671
Total	10,287	301	10,588

This methodology could be challenged on the following grounds:

- Use of 2010/11 budget data could be considered to be inappropriate. These budgets were approved in early 2010 based on data that was gathered during late 2009. Furthermore, it is usual in local government to use incremental budgeting in which budgets are based on previous years' budgets rather than actual data. It is possible, therefore, that this data is now out of line with actual expenditure and income. It may be appropriate to update it with reference to actual experience during 2010/11.
- The use of a standard 8% assumption for secondary recharges could be considered to be too crude. It is not clear how this figure has been arrived at and why it is considered that the same figure is appropriate for each service.
- The use of a standard 7.5% assumption for retained client functions could be considered to be too crude. It is not clear how this figure has been arrived at and why it is considered that the same figure is appropriate for each service.

3.3.6 The Council used commercial judgment and benchmarking data to arrive at the levels of cost reductions and increases in income that could be achieved. These levels are shown below:

Service	Cost Reduction	Income Generation
Planning (Development Management)	20%	15%
Land Charges	10%	15%
Building Control & Structures	15%	15%

Strategic Planning & Housing Strategy	15%	10%
Environmental Health	15%	15%
Trading Standards & Licensing	10%	5%
Cemeteries & Crematorium	15%	15%
Registration & Nationality	15%	20%
Highways Strategy	15%	20%
Highways Network Management	15%	10%
Highways Traffic & Development	15%	10%
Highways Transport & Regeneration	10%	5%
Regeneration	10%	5%

3.3.7 The Council explains how it has arrived at these estimates of cost reductions and increased income as follows:

Service	Improvement Rationale	Cost Reduction	Income Generation
Planning (Development Management)	The service has identified scope for significant efficiency savings and further income generation opportunities. Whilst acknowledging the potential impact of the Localism Bill, income stream reflects the income from planned and assumed development and growth in the borough.	20%	15%
Land Charges	The service has identified potential for operational efficiencies through a wider service review. The benchmarking data suggests a potential for higher levels of income.	10%	15%

Building Control & Structures (including Street Naming and Numbering)	The service has identified potential to lower costs and generate more income through business expansion. Based on the benchmarking data and ideas from the service, a medium target for operational efficiency and a high target for income generation have been selected - acknowledging the potentially conflicting relationship between the two.	15%	15%
Strategic Planning & Housing Strategy	Income from major developments is reflected in the income for planning (development and management) and therefore a lower target has been set for increased income from this service. Process and structural improvements identified by the service suggest potential for significant operational efficiencies, for example by closer working and improved integration with Planning, Regeneration and Highways teams.	15%	10%
Environmental Health	Increased freedom to trade would benefit elements of the service that are run as commercial operations,	15%	15%

	but a medium target has been selected for income to take account of planned efficiencies and reductions in running costs.		
Trading Standards and Licensing	The service has been subject to multiple savings initiatives and consequently is very small compared to other local authorities - minimal targets have therefore been applied for both costs and income.	10%	5%
Cemetery & Crematorium	The low to medium cost reduction target reflects the need for considerable investment in the service and its infrastructure. The high target for income generation reflects the potential opportunities identified by the service and their track record in delivering income whilst remaining competitive with other crematoria. It should be noted that the cemetery is unusual in having such extensive unused capacity.	15%	15%
Registration & Nationality	The low to medium cost reduction target reflects the need for investment in the service and its infrastructure. The high target for income generation reflects the	15%	20%

differential in performance between Barnet and its comparators and the potential identified by the service to widen the chargeable service offer.

Highways Strategy	Due to the small size of the team a low to medium cost reduction target has been applied. The income target is more ambitious and this reflects the current reactive nature of service provision.	15%	20%
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Highways Network Management	The low to medium target for increased income reflects opportunities identified by the service acknowledging that the benchmarking data suggests high performance for income generation. The service has identified considerable scope for operational efficiencies / improvements - in view of these and the scale of the budget and team a medium target has been selected for cost reduction.	15%	10%
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Highways Traffic & Development	<p>The service has identified considerable scope for operational efficiencies / improvements. In view of these and the scale of the budget and team a medium target has been selected for cost reduction. Based on the current scale of income against expenditure and an assumption that opportunities for securing funding and generating income remain in place a medium level target for increasing income has been selected.</p>	15%	10%
Highways, Transport & Regeneration	<p>The service currently generates minimal / no income due to the nature of its functions. Due to the scale of the service any operational efficiencies will be limited, therefore the minimal cost reduction target has been applied.</p>	10%	5%
Regeneration	<p>The income generation potential reflects recharged project management costs so a minimal increase has been assumed. Operational efficiencies have been assumed in order to achieve the low target for cost reduction</p>	10%	5%

3.3.8 These assumed levels of cost reduction and income generation are critical to the model. They underpin the Council’s conclusion that it is possible to make significant reductions in costs and increases in income through the outsourcing of Development & Regulatory services. The assumptions are considered in more detail below.

3.3.9 As a general point it is difficult to follow the Council’s benchmarking calculations. There is also insufficient detail provided to be able to verify whether the benchmarking takes into account different circumstances, policies or levels of service in the different benchmarked organisations. There is also a lack of evidence to support the Council’s conclusion that these cost reductions and increases in income could be best achieved through the outsourcing of the services. There are references in the documentation to other work that the Council has undertaken that could include this evidence. However, it is not contained in the documentation that has been made available to me.

3.3.10 The Council has chosen the word ‘target’ to describe the reduced costs and increased income that it is seeking. This suggests that these are aspirational figures based on what the Council would like to see rather than figures that are based on a realistic expectation of what would happen.

3.3.11 Using the service improvement bands outlined above, the Council has profiled improvement potential over a ten year period. Cost reductions have been profiled for all services with the majority of benefits occurring in years two and three to reflect the savings ambitions in the Financial and Business Planning 2011/12-2013/14 report to Cabinet on 13th December 2010. Cost reductions and income generation have been profiled as shown below:

Year	Cost Reduction	Income Generation
2012/13	0%	0%
2013/14	50%	25%
2014/15	36%	30%
2015/16	2%	33%
2016/17	2%	2%
2017/18	2%	2%
2018/19	2%	2%
2019/20	2%	2%
2020/21	2%	2%
2021/22	2%	2%

3.3.12 It is not clear why the Council believes that the cost reductions and increases in income would be profiled in this way.

3.4 Planning (Development Management)

Service	Improvement Rationale	Cost Reduction	Income Generation
Planning (Development Management)	The service has identified scope for significant efficiency savings and further income generation opportunities. Whilst acknowledging the potential impact of the Localism Bill, income stream reflects the income from planned and assumed development and growth in the borough.	20%	15%

3.4.1 The Council's calculation of benchmarked savings potential is as follows:

	Cost	Income
Difference between the best in class and Barnet Borough Council	£2,413,325	65.6%
This equates to a difference of	100%	-100%
Difference between the best in class and Barnet Borough Council	£2,503.17	
This equates to a difference of	100%	
Greater of the two for expenditure difference	100%	

3.4.2 The targets of 20% for cost reduction and 15% for income generation appear to be ambitious.

3.5 Land Charges

Service	Improvement Rationale	Cost Reduction	Income Generation
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Land Charges	The service has identified potential for operational efficiencies through a wider service review. The benchmarking data suggests a potential for higher levels of income.	10%	15%
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3.5.1 The Council’s calculation of benchmarked savings potential is as follows:

	Cost	Income
The best in class operates the service at (gross cost)		487%
Difference between the best in class and Barnet Borough Council	£220,907	
This equates to a difference of	100%	-5%
Difference between the best in class and Barnet Borough Council	-£2,750	
This equates to a difference of	100%	
Greater of the two for expenditure difference	100%	

3.6 Building Control & Structures

Service	Improvement Rationale	Cost Reduction	Income Generation
Building Control & Structures (including Street Naming and Numbering)	The service has identified potential to lower costs and generate more income through business expansion. Based on the benchmarking data and ideas from the service, a medium target for operational efficiency and a high target for income generation have been selected - acknowledging the potentially conflicting relationship between the two.	15%	15%

3.6.1 The Council’s calculation of benchmarked savings potential is as follows:

	Cost	Income
The best in class operates the service at	£593,000	487%
Difference between the best in class and Barnet Borough Council	£1,102,769	
This equates to a difference of	65%	349%
Best in class expenditure per 1,000 population	£256 –	
Difference between the best in class and Barnet Borough Council	£177	
This equates to a difference of	41%	
Greater of the two for expenditure difference		

3.6.2 The Council has identified benchmarking data for income for Building Control and Structures as shown below:

Authority	Income 2007/08 £,000	Income 2008/09 £,000	Income 2009/10 £,000	Income 2001/10 per employee
Barnet	1,445	1,482	1,548	£86
Camden	1,621	1,516	883	£47
Enfield	987	802	649	£35
Hackney	544	452	n/a	£23 (2008/09)
Haringey	684	629	623	£49
Islington	944	1,236	872	£44
Waltham Forest	778	725	656	£55

3.6.3 The benchmarking data suggests that Barnet Borough Council already has a comparatively high income. This evidence would appear to conflict with the Council’s conclusion, that is apparently based on benchmarking data, that there is potential to increase income by 15%.

3.7 Strategic Planning & Housing Strategy

Service	Improvement Rationale	Cost Reduction	Income Generation
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Strategic Planning & Housing Strategy	<p>Income from major developments is reflected in the income for planning (development and management) and therefore a lower target has been set for increased income from this service. Process and structural improvements identified by the service suggest potential for significant operational efficiencies, for example by closer working and improved integration with Planning, Regeneration and Highways teams.</p>	15%	10%
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3.7.1 The Council's calculation of benchmarked savings potential is as follows:

	Cost	Income
The best in class operates the service at (gross cost)		47%
ence between the best in class and Barnet Borough Council	1,228,707	
This equates to a difference of	100%	139%
ence between the best in class and Barnet Borough Council	£2,978	
This equates to a difference of	100%	
Greater of the two for expenditure difference	100%	

3.8 Environmental Health

Service	Improvement Rationale	Cost Reduction	Income Generation
Environmental Health	Increased freedom to trade would benefit elements of the service that are run as commercial operations, but a medium target has been selected for income to take account of planned efficiencies and reductions in running costs.	15%	15%

3.8.1 The Council's calculation of benchmarked savings potential is as follows:

	Cost	Income
The best in class operates the service at (gross cost)		16%
ence between the best in class and Barnet Borough Council	£2,679,997	
This equates to a difference of	100%	-22%
ence between the best in class and Barnet Borough Council	£6,416	
This equates to a difference of	100%	
Greater of the two for expenditure difference	100%	

3.8.2 Regarding Environmental Health, the Council notes that:

- The service is currently unable to meet statutory requirements for food hygiene and standards inspections due to inadequate resources. As a result, available capacity is focussed on high-risk cases only. Prosecutions and major investigations can be very time consuming, potentially expensive and place considerable pressure on a small team.
- The service is currently unable to meet statutory section 18 Health & Safety guidance due to inadequate resources. As a result, available capacity is focussed on high-risk cases only. Prosecutions and major investigations can be very time consuming, potentially expensive and place considerable pressures on a small team.
- Health & safety fee income for special treatments and animals is dependent on economic factors and national legislation and guidance on fees and charging. A review is currently underway in accordance with local government regulation guidance and this may lead to reduction in fees so that only the actual cost of licenses provision may be charged.
- Pest control services are currently limited as a result of only two FTE being funded to undertake these fee earning functions. Income is vulnerable to seasonal demands, for example the quantity of wasp jobs depends heavily on weather conditions.
- Planned fee income for Care & Repair services is unachievable as a result of losing £36,000 in social services funding
- The funding for the 'empty property' and 'decent homes' programmes both via the North London Housing Sub-Region is unknown beyond March 2011.
- Insufficient resources are currently allocated to private sector housing enforcement activities and as a result no 'category 2' cases are actioned. No proactive programmes are currently undertaken and works in default are kept to a minimum due to their associated expense and difficulties experienced in recovering costs.

3.8.3 In view of the Council's statements about the difficulty that it is finding in maintaining statutory services due to a lack of resources and the Council's observations regarding the restricted scope for increased income in some areas it could be considered ambitious to select a target expenditure reduction of 15% and a target increase in income of 15%.

3.9 Trading Standards & Licensing

Service	Improvement	Cost	Income
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	Rationale	Reduction	Generation
Trading Standards and Licensing	The service has been subject to multiple savings initiatives and consequently is very small compared to other local authorities - minimal targets have therefore been applied for both costs and income.	10%	5%

3.9.1 The Council's calculation of benchmarked savings potential is as follows:

	Cost	Income
The best in class operates the service at (gross cost)	£499,000	10%
ence between the best in class and Barnet Borough Council	£157,671 -	
This equates to a difference of	-46%	-90%
Best in class expenditure per 1,000 population	£1,421	
ence between the best in class and Barnet Borough Council	£1,411 -	
This equates to a difference of	-13,341%	
Greater of the two for expenditure difference	-46%	

3.9.2 The Council notes that the service feels that the current income collection target is too high and is unlikely to be achieved in 2010/11. This is presumably the reason why a relatively low target for increased income of 5% has been selected.

3.10 Cemetery & Crematorium

Service	Improvement Rationale	Cost Reduction	Income Generation
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Cemetery & Crematorium	<p>The low to medium cost reduction target reflects the need for considerable investment in the service and its infrastructure. The high target for income generation reflects the potential opportunities identified by the service and their track record in delivering income whilst remaining competitive with other crematoria. It should be noted that the cemetery is unusual in having such extensive unused capacity.</p>	15%	15%
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3.10.1 The Council's calculation of benchmarked savings potential is as follows:

	Cost	Income
The best in class operates the service at (gross cost)	£499,000	10%
ence between the best in class and Barnet Borough Council	£204,394	
This equates to a difference of	29%	-95%
Best in class expenditure per 1,000 population	£1,421	
ence between the best in class and Barnet Borough Council	£3,203 -	
This equates to a difference of	180%	
Greater of the two for expenditure difference	180%	

3.10.2 The Council notes that the two existing cremators require replacement and any new equipment must be fitted with mercury abatement components to meet statutory requirements by the end of 2012. Renovations and extensions will also be required to accommodate the new equipment. Renovations are also required to the dilapidated gatehouse and modernising of office and reception facilities. Total costs have been estimated at approximately £1.5million to £2million.

Investment and work will need to commence prior to any procurement taking place in 2012.

3.11 Registration & Nationality

Service	Improvement Rationale	Cost Reduction	Income Generation
Registration & Nationality	The low to medium cost reduction target reflects the need for investment in the service and its infrastructure. The high target for income generation reflects the differential in performance between Barnet and its comparators and the potential identified by the service to widen the chargeable service offer.	15%	20%

3.11.1 The Council's calculation of benchmarked savings potential is as follows:

	Cost	Income
The best in class operates the service at (gross cost)		487%
Difference between the best in class and Barnet Borough Council	£515.661	
This equates to a difference of	100%	357%
Difference between the best in class and Barnet Borough Council	£102 -	
This equates to a difference of	100%	
Greater of the two for expenditure difference	100%	

3.12 Highways Strategy

Service	Improvement Rationale	Cost Reduction	Income Generation
Highways Strategy	Due to the small size of the team a low to medium cost reduction target has been applied. The income	15%	20%

target is more ambitious and this reflects the current reactive nature of service provision.

3.12.1 The Council's calculation of benchmarked savings potential is as follows:

	Cost	Income
The best in class operates the service at (gross cost)	£200,000	
ence between the best in class and Barnet Borough Council	£374,072	
This equates to a difference of	65%	-100%
Difference between the best in class and Barnet Borough Council	£1571	
This equates to a difference of	100%	
Greater of the two for expenditure difference	100%	

3.13 Highways Network Management

Service	Improvement Rationale	Cost Reduction	Income Generation
Highways Network Management	The low to medium target for increased income reflects opportunities identified by the service acknowledging that the benchmarking data suggests high performance for income generation. The service has identified considerable scope for operational efficiencies / improvements - in view of these and the scale of the budget and team a medium target has been selected for cost reduction.	15%	10%

3.13.1 The Council's calculation of benchmarked savings potential is as follows:

	Cost	Income
The best in class operates the service at (gross cost)		29%
Difference between the best in class and Barnet Borough Council	£5,544,946	
This equates to a difference of Best in class expenditure per 1,000 population	100% £13,000	3.9%
Difference between the best in class and Barnet Borough Council	£942 -	
This equates to a difference of Greater of the two for expenditure difference	-8% 100%	

3.14 Highways Traffic & Development

Service	Improvement Rationale	Cost Reduction	Income Generation
Highways Traffic & Development	The service has identified considerable scope for operational efficiencies / improvements. In view of these and the scale of the budget and team a medium target has been selected for cost reduction. Based on the current scale of income against expenditure and an assumption that opportunities for securing funding and generating income remain in place a medium level target for increasing income has been selected.	15%	10%

3.14.1 The Council's calculation of benchmarked savings potential is as follows:

	Cost	Income
Difference between the best in class and	£2,448,427	

Barnet Borough Council		
This equates to a difference of	109%	-100%
Difference between the best in class and Barnet Borough Council	£6,770	
This equates to a difference of	100%	
Greater of the two for expenditure difference	109%	

3.15 Highways Transport & Regeneration

Service	Improvement Rationale	Cost Reduction	Income Generation
Highways, Transport & Regeneration	The service currently generates minimal / no income due to the nature of its functions. Due to the scale of the service any operational efficiencies will be limited, therefore the minimal cost reduction target has been applied.	10%	5%

3.15.1 The Council's calculation of benchmarked savings potential is as follows:

	Cost	Income
Difference between the best in class and Barnet Borough Council	£94,079	
This equates to a difference of	100%	-100%
Difference between the best in class and Barnet Borough Council	£283	
This equates to a difference of	100%	
Greater of the two for expenditure difference	100%	

3.16 Regeneration

Service	Improvement Rationale	Cost Reduction	Income Generation
Regeneration	The income generation potential reflects recharged project management costs so a minimal increase has been assumed.	10%	5%

Operational efficiencies have been assumed in order to achieve the low target for cost reduction

3.16.1 The Council has not provided a calculation of the benchmarked savings potential.

3.17 Conclusions

3.17.1 The Council calculates that, collectively, if a private sector partner is sought; financial benefits could be as much as 20-25% from the current gross baseline figure. Over a ten year period (typical contract duration for such a service provision deal) financial benefits could equate to as much as £28.4million. This is significantly more than indicated in the One Barnet Framework, but is based on what the Council describes as a more robust analysis of both current service costs, and potential future service transformation. These figures do not reflect potential service level reductions, but it should be noted that this will always be an option for any partnership with regards to non-statutory functions and evidence-based service demand.

3.17.2 Barnet Borough Council’s methodology consists of four stages. These stages are outlined below:

- Establishing the Service Cost
- The Potential to Improve
- The Profiled Improvement
- Development & Regulatory Services Cluster Potential for Improvement

3.17.3 The Council calculates the total cost reduction and total income increase as shown below:

Service	Total cost reduction £,000	Total income increase £,000	Total financial benefit £,000
Planning (Development Management)	3,522	1,753	5,275
Land Charges	165	1,254	1,418
Building Control & Structures	1,873	2,036	3,909
Planning Strategy	1,377	178	1,555
Environmental Health	2,835	612	3,448

Trading Standards & Licensing	233	125	358
Cemeteries & Crematorium	804	1,494	2,297
Registrations	477	879	1,356
Highways Strategy	666	79	745
Highways Network Management	4,642	1,142	5,784
Highways Traffic & Development	1,601	504	2,105
Highways Transport & Regeneration	69	0	69
Regeneration			
Regeneration	1,439	248	1,686
Total	19,703	10,303	30,006

3.17.4 The Council used commercial judgment and benchmarking data to arrive at the levels of cost reductions and increases in income that could be achieved. These levels are shown below:

Service	Cost reduction	Income increase
Planning (Development Management)	20%	15%
Land Charges	10%	15%
Building Control & Structures	15%	15%
Planning Strategy	15%	10%
Environmental Health	15%	15%
Trading Standards & Licensing	10%	5%
Cemeteries & Crematorium	15%	15%
Registration & Nationality	15%	20%
Highways Strategy	15%	20%
Highways Network Management	15%	10%
Highways Traffic & Development	15%	10%
Highways Transport & Regeneration	10%	5%
Regeneration	10%	5%

3.17.5 As a general point it is difficult to follow the Council's benchmarking calculations. There is also insufficient detail provided to be able to verify whether the benchmarking takes into account different circumstances, policies or levels of service in the different benchmarked organisations. There is also a lack of evidence to support the Council's conclusion that these cost reductions and increases in income could be best achieved through the outsourcing of the services. There are references in the documentation to other work that the Council has undertaken that could include this evidence. However, it is not contained in the documentation that has been made available to me.

3.17.6 The Council has chosen the word 'target' to describe the reduced costs and increased income that it is seeking. This suggests that these are aspirational figures based on what the Council would like to see rather

than figures that are based on a realistic expectation of what would happen.

3.17.7 Consideration of some of the individual services suggests that some of the target expenditure reductions and income increases may not be realistically achievable.

4. Financial Data Used by Barnet Borough Council

4.1 Introduction

4.1.1 I have been asked to consider whether:

- All relevant financial information has been included and considered.
- All presented financial information is accurate, complete, supported and reliable.
- All assumptions applied to financial data, analysis, assessment and presented information is reliably supported and properly sourced.
- No relevant or critical financial information has been omitted.
- The financial analysis in the model is robust, adequate and reliable.

4.1.2 I have also been asked to identify:

- Missing financial information.
- Unreliable financial information.
- Inappropriate financial assumptions.
- Associated risks in relation to each of the above points.

4.1.3 Section three considers the financial analysis that has been carried out by the Council and contains discussion relevant to these questions. The Unions have also raised observations and questions with the Council that reflect on these questions. These are considered below.

4.2 Observations, Questions, Responses and my Comments

4.2.1 The Unions have made observations to the Council about economic and financial modelling. The observations, Council responses and my comments are shown below:

<p>Observation: Superficial analysis of income generation – the source of the income generation figures and why are the income generation concentrated into three years after only one year of the contract? Income generation appears to have been calculated from benchmarking information and the use of a crude income / expenditure ratio. There is no analysis of the potential market and the scope, limitations etc of increasing income generation in these services. It is also not accounted for in the reference cases.</p>

Response: The business case shows possible returns loaded into years 2-4 of a contract in order to show how savings could be aligned with the Council's medium term financial strategy... The potential for improvement figures were based upon a mixture of benchmarking information, feedback from the services and the commercial judgement of the implementation partner. This was done because benchmarking information for these services is not extensive (possibly because they are either new or nearly new to market) and service leads thought that some of what was available was flawed. Benchmarking information alone was only used where it was believed to be reliable. The improvement figures were then used to profile the potential benefits realisation. It is not possible at this time to analyse the market and the scope or limitation of increasing income generation beyond the commercial judgement referred to above. This was in part based upon the findings of the soft market testing, as well as their knowledge of the outsourcing market and previous examples of this type of project.

Comment: The income generation targets are based on a decision to seek an increase in income of 5%, 10%, 15% or 20%. The Council makes reference in the answer to this question to benchmarking information, feedback from the services and the commercial judgement of the implementation partner. It is also stated that the commercial judgement of the implementation partner is based upon the findings of soft market testing, as well as their knowledge of the outsourcing market and previous examples of this type of project. However, no firm evidence to substantiate the sources and robustness of this information has been made available to me.

4.2.2 The Unions have asked the Council a series of questions to which the Council have responded. These are shown below along with my comments:

Question 1: Please provide details of what retained client function entails for each of the services together with the financial implications (full costing) to undertake this function for each service. Please also note that this should not be considered a direct deduction from the costs as both parties will be required to undertake contract management & performance functions.

Answer: This information will not be provided as it is both commercially sensitive and subject to legal professional privilege.

Comment: The Council has assumed that a client function will exist at a cost of 7.5% of the total cost of each service. This suggests that the Council has taken a 'rule of thumb' average as a basis for their

calculations. However, the answer to this question suggests that specific calculations have been carried out for specific services that are commercially sensitive. If this is the case it is surprising that the cost of the client side is the same in each service.

Question 2a: How have you ensured all benchmarking data used accurately reflects that of the services being provided with the in-house solution?

Answer: We have not carried out this exercise as this option was addressed in the options appraisal phase. It was agreed by Cabinet on 29th November 2010 and 10th January 2011 that retaining these services in house would act as a hamstring to commercialisation and income growth.

Comment: I have not seen the reports to Cabinet on 29th November 2010 and 10th January 2011 to which the Council refers and so cannot comment. The documentation that I have seen does not demonstrate that retaining these services in-house would act as a hamstring to commercialisation and income growth.

Question 2b: Can you provide evidence to demonstrate this? E.g. in particular in relation to Building Control and Structures on **page 41** you provide benchmarking data which clearly demonstrates Barnet is '*best in its class*' yet on **page 66** you show a gap between '*best in class*' and Barnet.

"Where is this data on '*the best in class*'?"

In addition you are comparing on **page 66** Barnet against the '*best in class*' by showing the difference between Barnet and the '*best in class*' by taking gross expenditure for Barnet plus the 8% secondary recharges without showing whether a similar adjustment has been applied to the '*best in class*'. By not applying the secondary recharge to the '*best in class*' you are not comparing like with like and therefore the expenditure difference is artificially overstated.

Answer: Financial benchmarking data was largely taken from CIPFA. Non-Financial data came from National Indicators, the North London Strategic Alliance, the services themselves and the Value Adding report for Planning DM.

The unions' comments in regard to the 8% recharge are noted. However, benchmarking exercises are largely not standardised (Councils report on

different things in benchmarking exercises) and so benchmarking can only be taken as a general indicator rather than an exact measure.

Comment: I would agree that there is an apparent contradiction in the Council's statements on the benchmarking of building control and structures. I would also agree that benchmarking can only be taken as a general indicator rather than an exact measure.

Question 3: What is the definition of secondary recharges and what is included?

Answer: Secondary recharges (sometimes called non-real recharges) are the reapportionment to services of centralised support costs, e.g. Human Resources, payroll, Information Systems services.

Comment: No comment.

Question 4: Can you provide copies of the value for money and affordability appraisals (sometimes referred to as economic appraisals in the HM Treasury guidelines, Green Book) undertaken for each of the service delivery options considered in the current bundle. In light of public scrutiny after the publication of the external auditor's report of the One Barnet programme I would presume that external auditors and the Gateway review would also be looking to see evidence of this.

Answer: Estimated project costs are included in the cover report to Cabinet Resources Committee that will accompany the business case, as follows:

- Legal Advice £692,500
- Implementation Partner £650,000
- Other £18,720
- **Total** £1,361,220

Benefits realisation is included in the business case, as previously stated.

Comment: The Council has not prepared this business case on the basis of the HM Treasury Green Book, preferring to use its own methodology. It therefore appears that there is no value for money or affordability appraisal (economic appraisal) of the sort that would be required by the HM Treasury Green Book.

Question 5a: On **page 67** Profiled Financial Benefits table you are showing expenditure reduction in the year by applying the relevant

annual improvement percentage to the revised expenditure as well as the cumulative reduction in expenditure (already achieved).

- How can you achieve cost saving on cost saving?
- Therefore is the expenditure reduction not being overstated?

For example in year 3 the saving of £84,923 is made up of £78,554 (5.4% of £1,454,695, Year 2 revised net expenditure) and £6,369 (5.4% of £117,948, Year 2 cumulative reduction in expenditure).

Answer: The selected cost improvement percentage for Building Control was 15%. 15% of the revised gross expenditure is £235,896. The financial model has used the percentage profiling outlined earlier to apply this across the 10 year timeframe. The cost reduction is therefore not cumulative but profiled across a time period.

Comment: No Comment.

Question 5b: Overall the presentation lacks effective supporting evidence to enable the reader to place faith in the figures that are being produced e.g. on page 41 Building Control structures are showing Barnet outstrips in performance everyone in the benchmarking data. However on page 66 it states Barnet Building Control & Structures operates at a much reduced efficiency and the gap between Barnet and the 'best in class' is 65% and without any supporting evidence of where 'best in class' evidence came from.

- Where did this 'best in class' come from and why is it not presented in the report for effective scrutiny?

On page 19 we are informed that the cost reduction of 15% can be achieved and the income generation 15% improvement can be achieved. In the current recession where are being told that there is room for more income to generated for business expansion, especially when we have already been shown on page 41 when we are operating the most efficient in that benchmarking data. What is particularly confusing is that on page 99 the report acknowledges the potentially conflicting relationship between expenditure reduction and income generation.

- How can they justify 15% for both?
- In relation to all 'targets' costed, please can you clarify the justifications & also why they are not applicable to the reference case?

On **page 5** the report is stating that over a ten year period financial benefits could total **£28.4 m** yet there is no corresponding analysis of the most pessimistic and realistic outcome associated risks for these three different scenarios.

Answer: See answer on benchmarking data used above. The table referred to is only one example of benchmarking data and does not prove that building control is best in class – it is not – in terms of income and expenditure CIPFA metrics place Camden ahead of Barnet. Given that the inclusion of this table seems to be confusing, the project team will consider removing it from the business case.

The figure for the overall financial benefits is made up of the application of cost reduction and income generation estimates for the cluster of services overall. The project team believes that this figure is conservative, based upon benchmarking data, the experience of previously outsourced services and the implementation partner's market knowledge.

Comment: The Council has not provided the specific information requested in the question. Indeed, in response to a question about one of the few pieces of specific information contained in the report the response of the Council is to consider whether the information is 'confusing' and should be removed from the report.

Question 5c: If real benefits equate to just 15% less than those projected the expenditure on these services will be the same as those expected at transfer. Any less than this will be a loss to the council.

Answer: For Building Control we are expecting a benefit of 15% cost reduction and 15% income generation, not 15% overall. This means that cost reduction and income increases should equate to an annual benefit of £511,808 after 10 years on this service alone.

Comment: No comment.

Question 5d: The **Gross Expenditure** Analysis graph, p26, assumes that if the services remain in-house there will be **NO** efficiencies after 3 years.

Answer: Yes, this is the assumption that the graph makes.

Comment: This is an interesting assumption on the part of the Council. I can find no evidence in their report to support the conclusion that it would be impossible to realise efficiencies in these services should they remain in-house. Other local authorities are planning to achieve efficiencies in services without outsourcing them. Indeed, Cumbria County Council is an example of an authority that is achieving economies and efficiencies by bringing services – including highways services – in house. I would have expected that a well managed authority could

expect to achieve efficiencies through in-house provision even if they calculated that greater efficiencies could be achieved through outsourcing.

Question 5e: How have SAP optimisation benefits for 2011/12 and 2012/13 been reflected in the Options appraisal process?

SAP optimisation benefits are not relevant to the business case as they are beyond the scope of the project.

Comment: No comment.

Question 6: The terms of reference for the Development and Public Health Services Options Appraisal included undertaking a sensitivity analysis from Impower as part of the £67,000 cost (London Borough of Barnet, 2010c). A sensitivity analysis is important because it assesses the results of the options appraisal to changes in demand, performance, savings, and the level of risks and so on. For example, how are the overall conclusions affected by assuming a higher level of performance in different options, lower or higher savings, or a higher level of demand for services?

"Sensitivity analysis is fundamental to appraisal. It is used to test the vulnerability of options to unavoidable future uncertainties and to test the robustness of the ranking of the options. It involves testing the ranking of the options by changing some of the key assumptions. However, spurious accuracy should be avoided and it is essential to consider how the conclusions may alter, given the likely range of values that key variables may take. Therefore, the need for sensitivity analysis should always be considered and dispensed with only in exceptional circumstances." HM Treasury. Green book Toolkit Guide.

Answer: The unions' comments are noted but the One Barnet programme is not using the HM Treasury Green book Toolkit Guide.

Comment: The Council has chosen not to follow the methodology of HM Treasury Green Book and so have not carried out this analysis.

Question 7: Please can you confirm whether the Economic modelling & financial modelling for the project is in compliance with standards set out in the Governments Green Book & associated supplementary guidance? If not, please can you explain the reason why a true value for money exercise was deemed appropriate for this project?

Answer: The financial model was approved by the Head of Finance and the Section 151 Officer.

Comment: It appears that the Head of Finance and the Section 151 officer are responsible for the decision not to use the HM Treasury Green Book methodology. However, the Council refers to the involvement of members of the Cabinet in answer to other questions (see paragraphs 5.2.1 and 5.2.3).

Question 8: Cemetery & Crematorium: The report makes a major omission in relation to the comprehensive options appraisal for this service. The resources and officer time on this appraisal over a 16 month period makes this omission even more worrying especially in times when public services spend is quite rightly is under intense scrutiny.

The appraisal made a clear and unequivocal decision, based on detailed financial analysis of many options and soft market testing with private operators, that the in house solution was best value. This must be included

Answer: The unions' comment is noted. However, the options appraisal carried out for the Cemetery and Crematorium looked at it as a stand alone service, rather than as part of a cluster.

The Cemetery and Crematorium requires substantial capital investment and is also a good generator of income. Including it in the Development & Regulatory Services cluster will gain the Council the investment it needs, and will offset and help to fund those services whose capacity to generate income is lower.

Comment: The case of the Cemeteries and Crematorium may suggest that different options may be suitable for different services. This issue raises the question of whether the Council should have considered the future of these services individually as well as constituent parts of a cluster before coming to a conclusion about the range of services to be included in the cluster. There is no evidence that the Council has considered this option.

4.3 Conclusions

4.3.1 I have been asked to consider whether:

- All relevant financial information has been included and considered – I do not consider that it is included in the reports that are available to me – although more information may be available in sources that are not available to me.

- All presented financial information is accurate, complete, supported and reliable – I have no reason to doubt the accuracy of any of the information that has been provided. However, I do not think that all the conclusions that have been reached are adequately supported with complete information.
- All assumptions applied to financial data, analysis, assessment and presented information is reliably supported and properly sourced – I do not believe that all assumptions applied to financial data, analysis and assessment is reliably supported and properly sourced in the reports that are available to me.
- No relevant or critical financial information has been omitted – It is difficult to prove a negative (in this case that information exists that has not been reported) but I do not consider that conclusions are adequately supported with data in the reports that are available to me.
- The financial analysis in the model is robust, adequate and reliable – I do not consider that the financial analysis is sufficiently robust.

4.3.2 I have also been asked to identify:

- Missing financial information.
- Unreliable financial information.
- Inappropriate financial assumptions.
- Associated risks in relation to each of the above points.

4.3.3 The business case concludes that a certain level of reduced expenditure and increased income could be achieved through outsourcing. However, it is not clear from the information that has been made available to me that the assumed levels of expenditure reductions or increased income are supported by robust analysis of reliable information. Neither is it clear how the Council has concluded that these reductions in expenditure and increases in income could be achieved through outsourcing but could not be achieved in-house. If the Council possesses information to support its conclusions it is not contained in the reports that are available to me and neither has it been made available in the answers that have been provided to the questions asked by the Unions.

5. Financial Modelling and HM Treasury Green Book

5.1 Introduction

5.1.1 I have been asked to consider whether the financial model follows and is consistent with good practice, for example, HM Treasury Guidance, in terms of approach, structure and content.

5.1.2 I have also been asked to identify aspects that are not consistent with best practice financial modelling, for example, HM Treasury guidance.

5.1.3 According to HM Treasury guidance, the financial case should be concerned with issues of affordability, and sources of budget funding. It should cover the lifespan of the scheme and all attributable costs. The case needs to demonstrate that funding has been secured and that it falls within appropriate spending and settlement limits. The focus in this section of the case is on capital and resource requirements (near-cash or non-cash) and so capital charges are included. The financial case is concerned with the impact upon budgetary totals.

5.1.4 Issues in addition to the proposal's affordability are:

- Does the financial case identify and fill any funding gaps?
- Does it contain provision for dealing with the financing of anytime or cost overruns?
- Does it fully explain and estimate any contingent liabilities that may result from the proposal?

5.1.5 HM Treasury's checklist for a financial case includes the following:

Financial Case: (Financial Appraisal)

Focus on affordability; is full budget funding secured and budgeted by all parties?

What are the impacts on income / expenditure accounts and on balance sheet if applicable?

Are potential cost over runs provided for and are there any contingent liabilities?

Any guarantees?

5.2 Analysis

5.2.1 The Council has stated that it has decided not to use the HM Treasury Green Book methodology. In answer to a question from the trade unions the Council stated that:

"The One Barnet programme office is using the London Borough of Barnet project management methodology, which is based upon Prince 2.

"It has not followed the HM Treasury Green book on business cases, but the methodology agreed by the One Barnet programme office, the project sponsor and the implementation partner.

“The business case has been written in accordance with the London Borough of Barnet’s project methodology. It has been reviewed and approved by the One Barnet Programme Manager who provides a project assurance function to the Development & Regulatory Services Project Board. It has been cleared for CRC by officers and by the Housing, Planning and Regeneration Cabinet Member, Cllr. Richard Cornelius.”

5.2.2 In response to the Unions’ argument that the Council is commencing procurement without having a clear idea of what it wants, the Council said:

“The Council wishes to continue to deliver services that fulfil the objectives and principles outlined.

“The detail of how this will be done will be worked out through the Competitive Dialogue process, which is used for complex procurements when an authority “are not objectively able to define the technical means of satisfying their needs or objectives” and / or “are not able to objectively specify the financial or legal make up of the project”. Essentially we are not currently able to specify how we want to achieve our goals, although we know where we want to get to.

“For example, the business case states that the project seeks to utilise “commercial experience to maximise income streams” (p16). Currently, the Council has very little commercial experience or expertise that it can draw on in order to achieve this. It is therefore currently unable to state at this time exactly what these new or developed income streams will look like.”

5.2.3 The Unions have made observations to the Council about economic and financial modelling. The observations and responses are shown below:

Observation: The draft Development & Regulatory Services Business Case is unsound and fails to deliver almost all the minimum requirements for an economic model (as set out on page 77 of the five case model for business cases).

Response: The financial model used in the Development & Regulatory Services business case has been approved by both the Head of Finance and the Section 151 Officer. Cabinet members have also reviewed it. The team has received no feedback to suggest that either senior officers or members agree with the unions on this point.

5.3 Conclusions

5.3.1 The Council has prepared this business case in accordance with its own project management methodology. It has chosen not to adopt the HM Treasury Green Book methodology and defends its decision to do this. Consequently, the business case does not follow the methodology of HM Treasury Green Book.

5.3.2 With regard to comparing the Council's business case with the advice contained in the HM Treasury Green Book:

- Does the financial case identify and fill any funding gaps? – HM Treasury Green Book addresses the need to identify and fill funding gaps. This business case does not focus on this aspect of a business case partly because it does not focus on public investment. Instead it envisages a private partner providing the capital funding and focuses instead on the revenue savings that could accrue to the Council.
- Does it contain provision for dealing with the financing of any time or cost overruns? – This business case does not focus on time or cost overruns because it focuses on revenue expenditure as outlined above.
- Does it fully explain and estimate any contingent liabilities that may result from the proposal? – This business case does not focus on contingent liabilities because it focuses on revenue expenditure as outlined above.
- Focus on affordability; is full budget funding secured and budgeted by all parties? – This business case assumes that there will be reductions in expenditure and increases in income if the services are outsourced and that therefore they would be more affordable.
- What are the impacts on income / expenditure accounts and on balance sheet if applicable? – This business case calculates the impacts on income / expenditure accounts but makes no reference to balance sheets. However, it could be considered that balance sheets are not an important consideration in this case.
- Are potential cost over runs provided for and are there any contingent liabilities? – This business case does not address potential cost over runs or contingent liabilities because it focuses on revenue expenditure as outlined above.
- Any guarantees? – This business case does not address guarantees because it focuses on revenue expenditure as outlined above.

6. Conclusion

- 6.1 The Council has not complied with the requirements of HM Treasury Green Book in the preparation of this Business Case.

- 6.2 On the basis of the information with which I have been provided, I do not believe that the Council has presented sufficient financial information to support its calculation of the level of expenditure reductions and increased income that could be expected in future from Development & Regulatory services. Neither do I believe that it has presented sufficient financial information to demonstrate that these savings could only be achieved through outsourcing the services.

7. Appendix A – Documents Consulted

Barnet Borough Council

Report to One Barnet Overview & Scrutiny Panel of 23rd March 2011 on Development & Regulatory Services: Business Case

Report to Cabinet Resources Committee of 28th March 2011 on Development & Regulatory Services: Business Case

Development & Regulatory Services Project: Business Case

Response to Trade Union's Interim Critique of the Development & Regulatory Services Business Case for CDG 1st March 2011

HM Treasury

HM Treasury Green Book, Public Sector Business Cases using the Five Cases Model: A toolkit. Joe Flanagan, Paul Nicholls.

Public Sector Business Cases using the Five Case Model: a Toolkit: The Templates

Assessing Business Cases: 'A Short Plain English Guide'

Checklist for Assessment of Business Cases

UNISON

Interim Critique Development & Regulatory Services Business Case

Appendix B – Curriculum Vitae - Adrian Waite MA CPFA ACIH FIPSM FInstLM



Profile

Since 1998 Adrian has been Managing Director of 'Adrian Waite (Independent Consultancy Services) Limited'. Between 1981 and 1998 he worked in local government to Chief Officer level.

Adrian is a management consultant and trainer with an exceptional range of experience of value to a wide client base. He has a very extensive track record in all areas of public sector work. He has a first class honours degree in Geography. He is a fully qualified member of the Chartered Institute of Public Finance and Accountancy; an Associate member of the Chartered Institute of Housing; an Honorary Fellow of the Institute of Public Sector Management and a Fellow of the Institute of Leadership & Management.

Employment Record

1998–current	Managing Director, Adrian Waite (Independent Consultancy Services) Limited
1996-1998	Strategic Director, Copeland Borough Council
1993-1996	Finance Director, Copeland Borough Council
1990-1993	Assistant County Treasurer, Staffordshire County Council
1988-1990	Senior Group Accountant, Newcastle on Tyne City Council
1987-1988	Group Accountant, Newcastle on Tyne City Council
1987	Assistant Group Accountant, Leeds City Council
1985-1987	Senior Accountant, Leeds City Council
1984-1985	Acting Senior Accountancy Assistant, West Yorkshire Metropolitan County Council
1981-1984	Trainee Accountant, West Yorkshire Metropolitan County Council

Summary of Experience

As Managing Director of Adrian Waite (Independent Consultancy Services) Ltd, Adrian has provided advice and support to an extensive array of public sector clients in areas such as: Local Authority Finance, Housing Finance, Housing Stock Options Appraisals, Housing Stock Transfers, Housing Inspection, New Build, Self-Financing, Independent Tenants Advice, Housing Association Finance, Economic Development, Business Planning, Management issues, Design and Delivery of Training Programmes and Efficiency, Value for Money and Procurement.

Previously as Strategic Director, Copeland Borough Council, he was a Member of the Strategic Management Team. He led on strategic issues including: Compulsory Competitive Tendering and Best Value, Performance Monitoring and Benchmarking, Investors in People, Communications and Information Technology Strategies, the Private Finance Initiative, Lobbying for additional Standard Spending Assessment, and Single Regeneration Budget. In addition he managed Financial, Legal, Personnel Services, Committee Administration, Contracts and Projects Management, Building services, Leisure Management, and Environmental Services, including Grounds Maintenance and Street Cleansing.

Adrian was accountable for Financial Administration under Section 151 of the Local Government Act as Finance Director, Copeland Borough Council. He managed the Finance Department, including Corporate Finance, Financial Support, Audit, and Revenues Benefits and Exchequer.

Previously as Assistant County Treasurer, Staffordshire County Council, he managed a division of the County Treasurer's Department, including at different times: Financial Planning, Control, QCO Support, Income, Insurance, Loans and Investments, and Accountancy. He represented the County Treasurer at Highways, Waste Management, QCO and Enterprise and Economic Development Committees and provided financial support to the Council's Economic Development activities through the Economic Development Policy Group and the Staffordshire Development Association.

He has held Group Accountant roles across the range of local authority services, including Social Services, Arts & Recreation, Cleansing, Markets & Abattoirs, Transport and Plant, Enterprise and Economic Development and Probation.

Key Career Achievements

As Managing Director of 'AWICS', Adrian has established a successful management consultancy and training company with a reputation for providing high quality, value for money services to a wide range of clients. His work in housing, for example, has resulted in improved management and higher levels of investment in housing organisations where he has provided advice on finance, business planning, rents & service charges, options appraisals, stock transfer, housing inspection and value for money. As a trainer, Adrian has empowered Councillors, Board Members, Officers and stakeholders to carry out their roles more effectively through greater knowledge and understanding of financial and management processes.

As Finance Director and Strategic Director of Copeland Borough Council was responsible for establishing the authority on a firm financial footing, levering in funding for a capital programme that peaked at £20million a year, reducing Council Tax for two years running while improving front line services and representing the council on the board of the Whitehaven Single Regeneration Budget programme that transformed the economy and environment of Whitehaven.

As Assistant County Treasurer, Staffordshire County Council took lead on corporate initiatives such as the introduction of Quasi-Commercial Organisations and business planning, the creation of Local Authority Waste Disposal Companies, and the sale of Staffordshire Highway Works.

Recent Consultancy assignments

- Barnet Borough Council – Advice and financial modelling on the implementation of rent restructuring and unpooling of service charges
- Basildon District Council - Housing Stock Options Appraisal and evaluation of the implications of self financing of the Housing Revenue Account
- Birmingham City Council - Value for Money and Procurement Strategy
- Carlisle City Council - Development and delivery of training programme for managers and elected members
- Enfield Borough Council - Housing Revenue Account Business Plan and evaluation of implications of self-financing.
- Fenland District Council - Independent Tenants' Advisor for stock options appraisal and stock transfer
- Government Offices – East, East Midlands, London and Southwest - Assessment of financial aspects of Housing Stock Options appraisals
- Halton Borough Council - Stock Options Appraisal and advice on rent restructuring.
- Hammersmith & Fulham Borough Council - Stock Options Appraisal, Advice on financing of repairs and maintenance programmes, Financial adviser on preparation of successful Arms Length Management Organisation bid
- Harlow Borough Council - Advice on Capital Accounting and Treasury Management

- Lambeth Borough Council – Housing Stock Options Appraisal (Wellington Mills) and Independent Residents’ Advisor (LATMOS).
- London Area Procurement Network - Evaluation of Savings achieved from Cyclical Decorations Contracts
- Northampton Borough Council – Review of Leaseholder Service Charges
- Nuneaton & Bedworth Borough Council – Housing Revenue Account Business Plan
- Salford University – Preparation of materials for housing courses
- Scottish Housing Regulator - Associate Inspector - specialism in Value for Money
- Southwark Borough Council - Housing Stock Options Appraisal
- South Derbyshire District Council - Housing Revenue Account Business Plan
- Waltham Forest Borough Council - Advice and Financial Modelling for New Build of Council Housing
- Warrington Borough Council - Housing Revenue Account Health Check and Business Plan

Recent Training Courses Provided

- Regional Seminars
 - All You Want to Know about Local Authority Housing Finance
 - Sustainable Housing Business Plans and the Efficiency Agenda
 - Achieving Efficiencies and Value for Money in Social Housing
 - Implementing the Housing & Regeneration Act
 - Developments in Local Authority Housing Finance in England
 - Budgets and Financial Management in the Public Sector for Non-Financial People
 - All You Want to Know about Housing Association Finance
 - All You Want to Know about Local Authority Housing Finance in Wales
 - All You Want to Know about Welsh Housing Association Finance
 - All You Want to Know about Local Authority Housing Finance in Scotland
 - All You Want to Know about Local Authority Finance in Scotland
 - All You Want to Know about Scottish Housing Association Finance
 - All You Want to Know about Local Authority Finance
 - Arms Length Management Organisations – Freedoms, Flexibilities and the Future 2007
 - Comprehensive Spending Review 2007 – Implications for Local Government and Housing
 - Developments in Social Housing Finance in Scotland
 - Challenges and Opportunities for Arms Length Management Organisations 2009

- Comprehensive Spending Review 2010 – Implications for Local Government and Housing
- In House Courses
 - Adrian has also provided most of these seminars as in-house courses.
- Guest Speaker
 - Association of Chartered Certified Accountants
 - Chartered Institute of Public Finance & Accountancy
 - Institute of Chartered Accountants of Scotland
 - Institute of Public Sector Management
 - National Council of Voluntary Organisations
 - Northern Housing Consortium

Publications

Adrian is the author of many publications on public sector financial and management topics.

Academic and Professional Qualifications

- Full Member of Chartered Institute of Public Finance and Accountancy, Final Examination passed 1986, Leeds Polytechnic
- BA Hons. Geography 1981, St Catherine's College, Oxford University, (Master of Arts, 1986)
- Associate Member of the Chartered Institute of Housing (Grade A)
- Honorary Fellow of the Institute of Public Services Management
- Fellow of the Institute of Leadership & Management

Appointments

- Member of Board of Impact Housing Association
- Member of the CIPFA Council
- Member of CIPFA Public Finance and Management Board
- Member of CIPFA Board for the Regions
- Member of the CIPFA Housing Panel
- Past-President of the Institute of Public Sector Management
- Member of the Communities & Local Government/Treasury Working Party on Funding Mechanisms for the Housing Revenue Account 2008
- Member of the Chartered Institute of Public Finance & Accountancy / Communities & Local Government Housing Reform Sub-Group 2010

Personal Details

Date of Birth	24th July 1960
Nationality	English
Family Status	Married with three children
Personal Interests	Family Life, Public Affairs, History, Environment, Sport