

**AGENDA ITEM: 4**      Page nos. 1 – 18

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Meeting	Cabinet
Date	6 May 2008
<b>Subject</b>	<b>Future Organisation of the Council</b>
Report of	Leader of the Council
Summary	To begin reviewing the organisation of the Council in the light of having become a 4 star authority, increasingly poor revenue settlements and changing demands on the capacity of the Council from the wider role that it is expected to take.

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Officer Contributors	Leo Boland, Chief Executive; Claire Johnston, Project Consultancy Manager; Hester Fairgrieve, Policy & Performance Manager
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix 1 – Project Management Allocations
For decision by	Cabinet
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

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## **1. RECOMMENDATIONS**

- 1.1 That the Chief Executive be authorised to lead a review of the organisational form of the Council and to report back to Cabinet with options for change by December 2008.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet, on 16 October 2006 (decision item 4) approved the overall strategy underlying the Council's current organisational focus and culture.

Restructuring and employment issues were addressed by the General Functions Committee on 1 November 2006 (Decision item 6)

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The Corporate Plan 2008/2009 – 2011/2012 states that: "We must improve the way we work and the infrastructure with which we work to deliver value for money to our customers" and "We will improve the ways in which we provide community leadership, community choice and higher quality services at the lowest possible cost". The proposals made in this report will assist the council in meeting these objectives.
- 3.2 National and local policy considerations are set out in more detail in Section 9 of this report.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 These are set out in 9.9.

## **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 The 2008/2009 – 2011/2012 Corporate Plan states that:

"Barnet is rich in diversity. Over a quarter of our residents belong to a minority ethnic community. We believe that in order for communities to be cohesive, good services must be provided fairly to all."

Any proposals made to Members regarding future service delivery will ensure that they will continue to be provided on an equitable basis.

Understanding the changing nature of Barnet's population will form an important part of the research that will inform future options for the council. This is dealt with in more detail in Section 9.3 of this report.

## **6. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS**

- 6.1 The initial financial implications are dealt with at Section 9.7 of the report. These costs relate primarily to adding additional capacity to support the activity set out in the report. It is proposed to provide this capacity through secondment and short term appointments so there are no permanent staffing implications at this stage. Further details are set out in Section 9.8 of the report.

While these costs are one-off and limited, the costs of implementation will be significant and of the order of magnitude of those for example, associated with the street lighting PFI, or the introduction of SAP. These costs will be balanced by off-setting efficiencies but will have to be borne and budgeted for upfront.

The costs related to this phase of the programme will be met from the council's allocation of government grant from the Local Authority Business Growth Initiative (LABGI).

## **7. LEGAL ISSUES**

7.1 None other than what is contained in the body of the report.

## **8. CONSTITUTIONAL POWERS**

8.1 Constitution, Part 3 – Responsibility for Functions - Section 3 – Responsibilities of the Executive. However, any ensuing restructuring and employment issues will be outside the remit of the Executive and will be decided by the General Functions Committee

## **9 BACKGROUND INFORMATION**

9.1 Barnet has recently become a 4 star authority. This in itself is a very good reason to review the overall structure of the Council's organisation; bodies which believe that they have a way of managing that does not need improvement, inevitably start to decline. However, there are also wider objective factors that justify a fundamental rethink.

### **9.2 A changing national policy context**

The Local Government and Public Involvement in Health Act, 2007 and the statutory guidance on 'Strong and Prosperous Communities', coupled with the new inspection regime of Comprehensive Area Assessments, can be interpreted as a move towards:

- A less 'top down' approach with a reduction in the number of national targets
- Increased focus on the Council's community leadership and focusing on the performance of the area, not just of services
- A stronger focus on local needs and aspirations
- A greater emphasis on engagement and encouraging people to take charge of their own lives
- A requirement to deliver improved services for less resource.

Consequently, there is growing emphasis on the role of local authorities as strategic commissioners, securing "*the best outcomes for their local communities by making use of all available resources – without regard for*

*whether services are provided in-house, externally or through various forms of partnership<sup>1</sup>.*

The Primary Care Trusts' (PCT) commissioning role is already being strengthened through the implementation of the recently published vision from the Department of Health on World Class Commissioning (WCC). The vision is aimed at delivering outstanding performance in the way health and care services in the NHS are commissioned. It states that PCTs are primarily commissioning bodies responsible for leading the health and well-being of the local population and outlines 11 organisational competencies for PCTs to achieve within the next two to three years. The vision focuses on the importance of assessing and prioritising the needs of the population, strategic outcomes, procuring services and managing providers to deliver the required outcomes.

### 9.3 A changing Barnet

With a population of 334,900, Barnet is a successful city-suburb of London, well ahead of most other boroughs in terms of the key drivers of competitive economic performance. It is the very attraction of Barnet that has made the borough a magnet for development and growth, drawing considerable market investment. Over the next 20 years, large-scale regeneration and development is planned, with regeneration schemes in Colindale, Stonegrove, Dollis Valley Estate, Mill Hill East and the borough's biggest development in Cricklewood and Brent Cross. By 2016, Barnet's population is likely to exceed 360,000 and its economy will grow by 11%, making it the fastest growing suburban borough in London.

Managing this growth and the additional burden on the local infrastructure such as roads, schools and healthcare over the next 20 years will be a key challenge. Currently, the cost of critical infrastructure needed to support the growth in Barnet's population is estimated to be in the region of £700m over a 13 year period. The majority of this will be required for transport, infrastructure, health and schools, but some will be needed for infrastructure related to key utilities and the public realm.

This funding is unlikely to come from central Government alone. The Council has made use of the Government's Growth Area Fund (GAF), but this typically makes awards to schemes in the £5 - £15m range. LABGI is being reformed, but at best has been worth some £3m to the council but the sums available nationally have been dramatically reduced following the Comprehensive Spending Review. Details of the proposed Supplementary Planning Charge are awaited with interest, but again are unlikely to deliver the sums necessary. The council will increasingly need to look at more creative ways of expanding its resources.

The demographics and age profile of the borough will also change. In the next decade, nearly 36% of the population will be from an ethnic minority, compared with just fewer than 31% in 2007<sup>2</sup>. Over the next 10 years, there will be a marked increase in the number of children aged between 5 and 14

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<sup>1</sup> Creating Strong, Safe and Prosperous Communities. Statutory Guidance: Draft for Consultation. November 2007

<sup>2</sup> GLA Estimates

years old and the number of people aged 65+.<sup>3</sup> The number of people living over 85 will also increase by 1,100 people during this period. Although this increase is small, in terms of overall population growth, there will be a significant impact on the demand for public services due to the higher number of complex, high-dependency conditions more frequently found in this age group.

Furthermore, while Barnet is generally a successful city-suburb, the proportion of residents experiencing relative deprivation has increased slightly since 2001. Between 2002 and 2005 the number of people in the borough defined as 'employment deprived' increased by 0.9%; the number of people 'income deprived' by 3.2%.<sup>4</sup>

At the same time, resident and service user expectations are increasing and the national picture is one where satisfaction with council services has not kept pace with public service improvement.

All of these factors pose future challenges for the council as the leader of the area and highlight the need to better understand and anticipate these changes and their impact. They also raise questions about the capacity of the authority to continue with its existing workload and cope with these changing demands.

#### 9.4 A changing local public sector

The Council has changed considerably as an organisation over the last few years as reflected in improved performance, inspection ratings and lower cost base. Performance of its partner organisations has also improved significantly. Barnet Primary Care Trust has gone from being classified as "weak" in 2005/06 to being "good" for 2006/07. Over the same period, Barnet Borough Police achieved a marked reduction in crime, with theft of motor vehicles, personal robbery offences and violent crime all showing significant reductions, albeit offset by increases, for example, in theft from vehicles and more recently, burglary.

The Council currently operates in a challenging environment:

- Poor and worsening grant settlements from central Government, with little or no prospects of improvement. This leads to an ongoing gap between the funding required to deliver services and that available. The Medium Term Financial Strategy projects a deficit of the order of £10 million each year
- High performance at low cost, leading to finite opportunities to deliver incremental cost savings without a detrimental effect on services
- Emerging opportunities which could improve Barnet's financial situation require strategic input at a senior level to make them a success, but capacity for this is constrained as senior managers are occupied with the demands of running services, many of which are retained in-house
- Council policy, as set out in the Medium Term Financial Strategy to maintain sub-inflation Council Tax rises

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<sup>3</sup> Based on the 2007 baseline

<sup>4</sup> Index of Multiple Deprivation, 2007

- Difficulties in recruiting and retaining high quality staff in some service areas
- The need to address the non-traditional challenges of how to get people to change their lifestyles and adapt their behaviour to tackle difficult societal issues such as obesity and waste minimisation and generally self-rationing of natural and manufactured resources.

These drivers for change mean that the council cannot simply sit back and become complacent that its recent acceptance into the 4 star category is the final destination. The council and its partners must continue to improve their outcomes, service provision and value for money. To meet these challenges and prepare for the ever increasing pressures of the future, simply continuing with current approaches may not be sufficient and the council thus needs to look at alternative models if it is to ensure continued success.

## 9.5 **Project definition**

At the moment there is no one, clear view of what the council will look like or how services will be delivered in the future. There is however, a need to begin to map out what options there are in the following areas:

- Policy making
- Commissioning
- Strategic planning
- Cost effective service delivery
- Procurement, partnerships and joint ventures
- Performance management
- Interaction with customers
- Engagement.

Whatever model is to be proposed should be able to operate in the environment described in sections 9.2 – 9.4 above and be flexible enough to change quickly according to national and local pressures, without having a negative impact for the council, its Members or customers.

In order to determine what direction the council might take and what steps it might need to take in order to achieve what it considers to be the best solution for the borough as a whole, it is proposed that an initial programme of work should be undertaken.

## 9.6 **Outcomes**

The desired outcome of this piece of work would be an understanding of:

- Learning from where other organisations have changed their model, including:
  - ❖ Any issues facing an organisation around performance management when it has moved from a hierarchical approach to any other model
  - ❖ How policy-making might change and what would be needed in the council to support a changed function

- ❖ What the Council would need to have in terms of customer intelligence and how it could manage this where the structure may be different
- Market appetite and capacity to share delivery or provide service delivery for the council
- Any legal, governance or financial constraints which would limit changes the council could make
- How customers wish to interact with the council or any organisation which would provide council services
- Learning from experience in the current organisation, including:
  - ❖ What the positives and the pitfalls are in developing contracts and major service partnerships.

The understanding should be based on solid evidence and be clear enough to allow the Council to decide if it would like to proceed down any route or routes put forward as possible options.

### **Outputs**

It is proposed that work is undertaken to produce:

- Research findings
- An options analysis, including feasibility and risks
- An outline business case, to include a recommendation of the most feasible option for the council
- Definition of a programme of work to deliver the recommended option.

### **Scope**

Initial thinking has divided work into a number of work streams to cover:

- Developing capacity and shrinking the organisation
- Transformation of service delivery
- Resourcing the future.

These will look at issues facing the council now, models for the future and benefits / issues around those, as well as lessons learned from elsewhere.

- Developing capacity, changing the size and scope of the organisation
  - ❖ Future policy making
  - ❖ Monitoring and managing service delivery
  - ❖ Future governance arrangements
  - ❖ Communication and engagement.
- Transformation of service delivery
  - ❖ Strategic partnership options
  - ❖ Alternative vehicle for commissioning and delivering services
  - ❖ Procurement processes.
- Resourcing the future
  - ❖ Barnet Financing Plan

- ❖ Financial forward planning
- ❖ Resourcing strategy.

Proposed scopes for these work streams are set out in Appendix One.

#### 9.7 **Costs:**

There will be some one-off costs for the initial phase of the process above, which will be reported to the Cabinet Resources Committee for approval when finalised.

Estimation of the likely costs in the future implementation phase when Members have assessed options and agreed which they wish to pursue will form part of the phase set out above. These costs, along with consequent efficiencies, will be used to inform future budget and policy processes.

#### 9.8 **Project Team**

An outline of the team required to deliver this initial programme of work:

##### **Sponsor or senior responsible owner**

This programme will be owned and sponsored by the Chief Executive of the council, Leo Boland.

##### **Project Director**

Options for appointing a senior officer to direct the project are being investigated by the Chief Executive.

##### **Programme Manager**

A programme manager will be appointed to co-ordinate and drive the work being done in and across the work strands to ensure the outputs are delivered and desired outcomes met.

##### **Project owners and managers**

Each project will have a senior officer lead and a project manager. In some cases these roles may be filled by the same person.

##### **Programme and project teams**

There should be a core programme team which will work across the different work streams and projects. Individual project teams may need to be set up to deliver to specific projects.

The programme and project teams are to include competencies such as:

- Programme and project management
- Procurement law
- Local government law and governance arrangements and complexities
- Finance
- Policy making
- Customer intelligence
- Employment

- Internal and external communication
- Organisational change.

### 9.9 Risks and issues/risk management issues

There are individual risks associated with each project. Listed below are overall risks for the programme of work

<i>Description</i>	<i>Likelihood</i>	<i>Impact</i>	<i>Mitigation</i>
The project may cause disruption to morale of council staff and may lead to the council losing valued members of staff	<b>Medium</b>	<b>Medium</b>	A communication strategy (covering both internal and external comms) will be produced, as well as a communications plan to ensure the correct messages are given to staff and partners at the right time
Effort is expended without political support for this project, meaning that recommended changes could not be made	<b>Medium</b>	<b>Medium</b>	Approval will be gained at Cabinet before any work commences. The CE will regularly update the Leader in order to ensure continued buy in or get early warning signs that support may be waning
There is duplication of effort, leading to a waste of officer time and potentially a waste of time for external people aiding the project	<b>Low</b>	<b>High</b>	A programme manager will be asked to ensure there is no duplication of effort. Each project will produce and maintain a project plan, which will feed into a programme plan
Learning from work previously carried out by the Council is not taken into account	<b>Low</b>	<b>High</b>	Internal learning will be scoped into work to be carried out in each project
Other councils /agencies are not willing to share experiences or thoughts with us	<b>Low</b>	<b>High</b>	Contacts already made in other agencies will be used in order to gain from their learning. Shared benefits of this exercise will be used to encourage interaction
The skills needed to complete the project cannot be found in house	<b>High</b>	<b>Medium</b>	It is already accepted that the necessary skills do not exist in the Council therefore funding is being asked to buy in the necessary knowledge and skills.

<i>Description</i>	<i>Likelihood</i>	<i>Impact</i>	<i>Mitigation</i>
The people who have the necessary skills for the project do not have the time to commit to it	<b>High</b>	<b>High</b>	Resource planning will be carried out as early as possible in the projects with resources being shared across projects where possible in order to lessen the pull on internal resources. Where staff are required, directors and heads of service will be approached well in advance

## **10 LIST OF BACKGROUND PAPERS**

10.1 None

Legal MM  
CFO CM

## Appendix 1

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This Appendix sets out the scope of the work which project managers would carry out in order to deliver the outcomes set out in the body of this report.

The programme has been divided into three different streams:

- Developing capacity, shrinking the organisational scale  
Looking at what the issues and constraints are around what a council 'has to do', as well as the capacity that it would need to deliver this
- Transformation of service delivery  
Looking at alternative models to delivery of services which may not necessarily need to be delivered directly by a local authority
- Resourcing the future  
Looking at how the council and any potential alliances could be resourced in the future and any issues or constraints which might be faced

These three have been further broken down and scoped by lead officers in the council. A summary of intended work is set out below.

### **1. Developing capacity, shrinking organisational scale**

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The authority will look to scale down to a size which would mean it delivering only what the local authority must deliver in order to achieve efficiencies and improved services for residents (which might mean them being delivered by another organisation), what implications would that have for the council. This work stream will seek to address this.

#### **1.1 Future policy**

The key questions that will need to be addressed by this project are:

- What do we mean by policy (arriving at a common definition for Barnet)
- How is policy currently developed:
  - ❖ by the council
  - ❖ by key partner organisations
- What are the strengths of the current model
- What are the weaknesses of the current model
- Drawing on best practice (from the public and private sector), how can the London Borough of Barnet, as a 'place-shaping' council, improve future policy development to ensure that key public agencies in Barnet commission better outcomes
- What skills and competencies are required to deliver future policy

#### **1.2 Monitoring and managing**

Key principles of performance management remain the same in any environment. Data is used to assess current performance and set targets to improve. This strand will review the key considerations for performance management in an organisation

more reliant on procured services, commissioning and partnerships. The scope will include:

- Shared objectives and ownership
- Roles and responsibilities
- Data quality implications
- Model performance management frameworks

### ***1.3 Future governance***

This project will look at the issues facing the council:

- Should it enter into joint venture(s) and / or other types of partnering contracts
- Concerning functions the council cannot transfer or contract out
- Responsibilities it retains where delivery responsibility is transferred or contracted out
- Appropriate structures and mechanisms between the Local Authority and any Joint Venture Company, partner or contractor
- Democratic accountability and ensuring council objectives are met

### ***1.4 Communication and Engagement***

The communication challenges in developing capacity and shrinking organisational scale are enormous. A comprehensive communication strategy will need to be put in place to cover concerns of many stakeholders: elected members, residents, partners and staff. The communication strand of this work should examine

#### ***External communications***

Reputation management in an outsourced environment

Enhancing the role of the Leader and elected members in communicating with residents and stakeholders to ensure that the democratic accountability role of the council is constantly reinforced

Developing innovative methods of communication; utilising new technologies to reach the widest possible audience

#### ***Internal communications***

Maintaining high staff morale and confidence in the authority to manage any transition will require a comprehensive internal communication strategy. This strand of work will examine key concerns of staff in a changing environment to ensure that management effectively communicate to address these concerns.

## 2. Transformation of Service Delivery

With the requirement of continuously improving services being delivered ever more efficiently, the council is faced with the possibility of finding alternative ways to provide these services to its customers. This work stream will look at a number of ways of modelling service delivery by or on behalf of the council.

### 2.1. Vehicle for commissioning and delivering services

This project will explore what an alternative model for commissioning and delivery of services might look like.

What might the vehicle be for and what would be the issues with the type of vehicle?

Vehicle	Issues
A body which will take the commissioning requirements for the authority and translate these in to a series of commissioning activities which might variously result in a range of outsourcing or direct provision activities	<ul style="list-style-type: none"> <li>▪ Residents' primary interface will be with the vehicle and not the council and mechanisms will need to be established to ensure this does not threaten the democratic accountability role of the Council</li> <li>▪ Capacity will largely need to lie with the vehicle with a small Council focussing on strategic issues and direction. For example customer intelligence might sit within the vehicle as it will be responsible for dealing on a day to day and week to week basis with residents and resolving their queries to ensure it meets the outcomes set by the Council. At the same time the Council will need such intelligence for its own strategic purposes. Again the Council will need to ensure it retains sufficient skills to be sure it secures the outcomes it requires – such as the ability to commission customer research to inform policy making.</li> <li>▪ Such an arrangement would also challenge a whole range of statutory expectations (for example External audit) and these would need to be resolved, though this may be a positive outcome.</li> </ul>
One amongst a range of providers which effectively acts as the residual and default mechanism for public service provision would other options prove to be no longer viable or providing poor value for money	<p>The vehicle will need to ensure it is managing the market place amongst its suppliers</p> <p>It will need to be adept at gathering customer intelligence from a range of sources and be joining this up</p> <p>It will need to demonstrate that the vehicle is not providing unfair competition within the marketplace.</p> <p>Such arrangement will also change the nature of the vehicle</p> <p>It will need a flexible business model which allows it to expand and contract given its residual nature</p> <p>Its partnerships and alliance will need to form part of the initial procurement exercise so as not fall foul of public procurement legislation</p>

**Questions to be answered in this initial phase of work:**

- Which services might be suitable to be delivered by such a vehicle
- To what extent would the organisation be owned by the council in whole or part
- How could public sector partners be included in governance arrangements
- Can a balance be struck between council needs and private benefits
- What would the balance / overlap be between the council and any delivery vehicle
- What impact would any new organisation have on existing council staff employment status and rights (pensions, equal pay, terms & conditions)
- Could such a vehicle enter into alliances and joint ownership without falling foul of investment or procurement regulations
- What would the nature of the contractual relationship be between the council and the vehicle
- To what extent could alternative financing be used
- To what extent could such a vehicle attract alternative financing

Whatever model the council chooses to adopt in the future, there are skills and capacity issues which need to be addressed in order to secure further service improvements for residents:

- Procurement
- Commissioning
- Contract and partnership management

This project recommends that these skills are secured across the current organisation.

In order to gain answers to the questions posed above, it is suggested that a series of four discussion groups with external providers are held. These would be divided into:

- New organisational forms
- Mapping the market
- Procurement challenges
- Public service employment

## **2.2 Procurement**

This project is closely linked with 2.1 and 2.3 as well as the developing capacity, shrinking the organisational scale work stream.

It will look at the procurement options, both innovative and traditional models, as well as doing a review of what services could potentially delivered by an organisation other than the council.

A four stage approach will be taken:

*Stage 1* = project initiation

- Setting up the project and the project team

*Stage 2* = reviewing sourcing options

- Looking at existing Barnet contracts
- Review of good practice models and learning from elsewhere
- Desktop research
- Soft market testing of what might be available to the council and how flexible contracts could be
- Analysis of issues such as staffing and models which can operate outside of public sector procurement rules
- Consideration of Barnet's position and what would be successful for the council

*Stage 3* = service analysis

- What services we provide and how they are currently packaged, where synergies can be found
- Current performance and plans
- Readiness for change and established markets
- Potential to generate income
- Potential moral hazard of outsourcing any particular services
- Any capital input required where there is property involved
- Which services cannot be delivered by another organisation as they are the sole responsibility of the council to provide or which elements of what the council does are strategic and should continue to sit with the council

*Stage 4* = option evaluation

- Assessment of packaging options
- Further soft market testing to validate packaging options with the market
- Selection of preferred and recommended options
- Development of a procurement plan to deliver recommended options

### **2.3 Strategic partnership**

This project supports that outlined in 2.1 and 2.2, by exploring how the council can take forward proposals to develop a major service partnership or Joint Venture Company (JVC) to deliver some of the council's predominantly income generating services. It will be used as a pilot to inform the development of a special purpose vehicle for wider commissioning and service delivery.

#### **2.3.1 Establishing a JVC: what it is and why**

The JVC involves establishing a new entity consisting of a private sector partner or partners and the local authority, which are together owners of the JVC. The JVC then contracts with the authority to deliver a range of services. This enables the council to share in the profit (and risk) associated with the contract.

The JVC is a particularly attractive option as it draws on Barnet strengths of being low cost and relatively high performing and its ability to attract significant capital investment through the leverage model. Putting the funds into a JVC model or a similar venture that can trade, will allow the council to focus on building strategic capacity and enable it to focus more effectively on its place shaping role.

Work has already been done in scoping development services, where potential for a JVC has been identified, so this is an area that is likely to be suitable for an initial pilot. Further scoping will be required across the Council to identify other packages of services, but another potential package could be back office services, including revenues and benefits.

### **2.3.2 Next steps**

Project brief and outline business case

- Production of the project brief and outline business case
- Set up of project team and board
- Refinement of outline business case to business case for sign off before project initiation. Work to refine the business case will somewhat mirror the stage 2 work outlined in 2.2, above

Project initiation

- Setting up the project formally, including appointment of external advisors, expanding of internal project team and project planning

Procurement

- Procurement work to establish partnership, as outlined in the PID

### **2.4 Customer intelligence**

This project differentiates between professional, operational and strategic customer intelligence.

- *Professional intelligence* that welfare professionals need to support and protect vulnerable individuals and service users, e.g. I can see that Brian's dad is about to return from prison so time to alert the domestic violence coordinator/child protection officers
- *Operational intelligence* that customer service officers need about individuals, e.g. I can see that this customer has a library book outstanding and has not yet signed up to council tax direct debit so I'll remind them about that, even though they're calling about something else
- *Strategic intelligence* that decision-makers need to decide which services to provide, how to deliver them, and who to target, e.g. residents in the poorest parts of the borough are least likely to take advantage of their local libraries and leisure centres, the growth of population in neighbourhood x is likely to produce the following demands on services, satisfaction amongst council house tenants has started to deteriorate, particularly amongst white male tenants aged 25-35.

It is strategic intelligence that will be focused on during this initial programme of work.

The suggested scope of work is:

- What customer intelligence the council needs to have

- What we currently have and how it is used
- What systems and processes need to be in place in order to ensure the highest quality of customer intelligence data
- What the business intelligence function would need to look like
- What would need to happen in order to provide assurance around the ownership of customer intelligence in the future and any cost implications

### **3. Resourcing the future**

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Should the council take on a different shape there will certainly be implications on Council Tax, capital and other general resourcing. This work stream will look at what those implications are likely to be and what learning from other organisations and experts tells us will need to happen in order to make a success of any future model.

#### **3.1 Barnet Financing Plan (Barnet Bond)**

The council faces huge challenges when it comes to financing the infrastructure investment required to support the projected growth in the borough. For this reason, it will increasingly need to look at more creative ways of expanding its resources. The Barnet Financing Plan is one solution and proposes to use a combination of public and private revenue sources to assist with the raising and repaying of funding for core infrastructure.

The Barnet Financing Plan is a leverage model as well as a tool for place shaping. The council plans to use the additional revenue generated by housing growth to support capital investment and thus improve quality of life for residents. At the same time the council is doing this with limited impact on the government's overall tax and duty receipts (in effect this additional revenue through stamp duty etc would not be available to the government if the council was not delivering such a high level of housing growth).

The council already has experience of using revenue to leverage capital investment through initiatives such as the Primary School Capital Investment Programme. It also has experience of working with local and regional partners (both public and private) to use council resources (expertise, local knowledge, planning powers or small amounts of funding) to maximise their capital investment in the borough. For example, in the borough's suburban town centres, the council is using small amounts of revenue through improving the footways and the general appearance of high streets to lever in private sector development. The council has also used its planning powers to assist Barnet Primary Care Trust with the re-provision of Finchley Memorial Hospital, helping to provide a new community health facility in the heart of the borough to enhance borough wide access. Another example, is the council's work with Middlesex University, with the council selling the University land at Hendon and assisting with the production of a planning brief which allowed the development of campus and rationalisation of student accommodation. In turn, Barnet benefits from a University presence in the borough and an increase in knowledge workers to support London's wider economy.

Work on putting this financing plan to the test is already underway – a public-private transport interchange at Colindale where 10.000 homes will be delivered over the

next ten years. This will explore how the leverage model will work in practice, including:

- Financial treatments and solutions (working with partners to ensure that the sums are off balance sheet)
- The degree of risk accepted by the local authority and transferred to other partners
- The governance arrangements for facilitating infrastructure investment (particularly in light of the move towards a smaller organisational structure) and delivery.

A tender has been awarded to PriceWaterhouseCoopers for the provision of consultancy advice to this project.

### ***3.2 Financial forward planning***

A change in the shape of the organisation and / or where services are delivered from have major implications for the council's finances and financial forward planning.

Issues which this project seeks to find answers to include:

- Will the council miss out on generating income via fees and charges if it no longer directly provides certain services
- Can contracts be sufficiently flexible to allow the delivery of savings or service enhancements at short notice
- Would the council have to cover any losses suffered by provider organisations
- Would management costs be increased by the creation of separate organisations

There are interdependencies between this piece of work and the first and second work streams

### ***3.3 Resourcing strategy***

Major changes will require an overhaul of existing HR / IT / Asset and other strategies which underpin our Use of Resources assessment.

**April 2007**