

London Borough of Barnet

Development & Public Health Services (DPHS) Project: Options Appraisal Report

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Executive summary

Why is this options appraisal taking place?

The services in Development and Public Health Services (DPHS) have been identified as part of the Future Shape Programme for review. Taken together, common features of many of the services are that they are transactional, regulatory, environmentally-based and raise income. The review has looked at:

- ➡ Whether some or all of the services could be improved (and costs reduced) by finding alternative provision in the marketplace
- ➡ Whether any services could/should be added to or taken away from the provisional 'bundle'
- ➡ How to align the services better to the Future Shape strategic agenda

What services are in the scope of the review?

The review has considered the following 'bundle' of services

- ➡ Building Control and Structures (including Street Naming & Numbering)
- ➡ Planning (Development Management)
- ➡ Land Charges
- ➡ Environmental Health (Residential and Commercial sectors)
- ➡ Public Mortuary and Cemetery & Crematorium
- ➡ Trading Standards & Licensing
- ➡ Registration

Can the price of the services be reduced?

The services, taken together, are reasonably high performing and reasonably low cost. However, there are opportunities for both cost reduction and income growth. Taken together, the savings and extra income could achieve a financial benefit of 15% - 20%. Over a 10 year period (a typical contract duration) the financial benefit to the council could be as much as £25m gross of procurement and retained client costs. This price reduction does not take into account service level reductions or a traded revenue/income sharing arrangement. The unprecedented nature of the financial challenge for local government means that some service level reductions may be needed to 'top up' cost efficiencies and income growth. Any partner would need to be able to work flexibly with the Council to ensure that at any one time there is an optimum balance of transformation, cost reduction, service level and commercialisation.

Whilst there is significant scope for more ambitious income growth via trading, we have made conservative assumptions in this regard. This is because of inherent uncertainty, but also because income growth is dependent on investment in commercial capability.

Can the services be improved or transformed?

Whilst the services are reasonably high performing, the key metrics used to judge performance are relatively limited. The Options Appraisal has identified an embryonic vision based on joined-up environmental regulation, design and management. This is an exciting and innovative vision which changes focus away from national targets and benchmarks and towards the real experience of Barnet's citizens, businesses, third sector and communities. The vision requires development but it provides for clear message to the market about what Barnet wants in terms of transformation within any partnership.

What is the market telling us?

The market soundings undertaken present a clear picture of strong interest/appetite. However, the relative immaturity of the bundle (see below) suggests procurement strategy needs careful consideration to ensure participants are aligned with the council's expectations.

What market option do we recommend?

It is clear from the appraisal that the services in scope, when taken together, have performed well in recent years. Many are medium to low cost and medium to high performing. But it is also very clear that the services require a fresh injection of intellectual capital, investment, commercial skills, tools and business models to take the next steps in transformation. Moreover, retention of the services in-house acts as a hamstring for commercialisation and income growth.

The market option most likely to deliver the improvement and price changes needed is a strategic partnership with the private sector. Such a partnership might include an income or revenue sharing mechanism to incentivise trading growth.

There are a variety of 'middle ground' options such as a local authority company (with some private sector involvement) or joint venture. These options will add complexity to the set-up and operation of a partnership and not best provide for the degree of transformation desired.

Whilst a Management Buy-Out (MBO) is theoretically possible to include as a participant within a strategic partnership procurement, there are risks of market distortion associated with this option.

A Competitive Dialogue process is the optimum method for procuring a strategic partner for this group of services.

Should the current 'bundle' remain as scoped?

We believe that Mortuary Services and Electoral Registration do not fit well with the bundle and should be excluded from further consideration. This is not to rule out a private sector option for these services in due course.

As set out above, the options appraisal has identified an embryonic vision of environmental regulation and design as an integrated, citizen-centric service. Environmental regulation plays a powerful part in the lives of Barnet citizens, particularly given the rapid growth in built environment infrastructure the borough is experiencing. However, the coherence of this vision is compromised without the inclusion of transport/highways regulatory and management services to allow a true 'localities' based service cluster. For a citizen of Barnet to receive a genuinely integrated service or focus, around personal and community issues that matter to them, it would be counter-intuitive to draw an artificial line between buildings and roads – together they form equally important elements of how a citizen experiences their surroundings. For the avoidance of doubt, we do not suggest inclusion of 'street scene' services. Whilst there is a clear connection, street scene services are largely not concerned with the regulation and design of the built environment. Further, there is not a strong market fit with combined regulation and street scene services.

We also propose the inclusion of strategic planning and regeneration within the bundle – much of this activity has a strong connection with the other services in scope. We believe there should be a 'thin' retained place shaping function at Barnet's commissioning core although the detail of this is yet to be drawn up.

What highways and transport services could be brought into scope?

This will require further analysis to determine which services fulfil the built environmental management, regulation and design criteria. Indicatively, however, we suggest the following services are considered:

- ➡ Highway Network Management (in whole or part)
- ➡ Regeneration
- ➡ Transport Planning
- ➡ Highway Design
- ➡ Highway Development
- ➡ Highways Planning and Safety

When will change happen?

The Council should target no later than December 2011 for the appointment of a partner. This date allows sufficient time to allow a thorough procurement process to take place and we would expect the services to be able to transition to the new partner and benefits start to be realised from the first quarter of 2012.

What happens next?

There will be a short process for deliberating upon this report and updating the options appraisal to include expanded scope data. We recommend the business case is drafted quickly and in place no later than the end of September 2010. Concurrent with the drafting of the business case we propose a procurement is initiated using Competitive Dialogue which helps mitigate risk, generate innovation and maintains competitive commercial pressures.

Why is this option appraisal taking place?

The Council has identified an ambitious vision for the authority. It has recognised for some time that customers and citizens within the local community have increasingly sophisticated expectations of front line services, reflecting changing lifestyles and levels of services that they are familiar with from commercial organisations. Standards expected for accessibility, personal and local service, responsiveness and continual improvement are significantly higher than ten years ago.

Amplifying the case for change is a financial climate for local government that is exceptionally challenging. Not only is the level of government grant due to decline sharply, but there is substantial pressure on Councils to freeze or even reduce levels of Council Tax. Although the precise implications for the Council are not yet clear, a saving in the order of 20% over three years represents the current financial planning assumption.

Barnet can be distinguished from many local authorities inasmuch its Future Shape programme has been actively considering new ways of providing/enabling services and wider Council action. The objectives of the programme are to generate:

- ➡ A new relationship with citizens
- ➡ A one public sector approach
- ➡ A relentless drive for efficiency

The services in DPHS have been identified as part of the Future Shape Programme for review. Taken together, common features of many of the services are that they are transactional, regulatory, environmentally-based and raise income. The review has looked at:

- ➡ Whether some or all of the services could be improved (and costs reduced) by finding alternative provision in the marketplace
- ➡ Whether any services could/should be added to or taken away from the provisional 'bundle'
- ➡ How to align the services better to the Future Shape strategic agenda

In responding to this agenda, the first phase of work aims to:

- ➡ Help the Council generate a clear vision for the bundle of services
- ➡ Set out the strategic business case for change
- ➡ Suggest the most appropriate option(s) for the Council to pursue.

The detailed structure of this project follows the iMPower options appraisal process – this is summarised below:

- ➡ We conducted a **cost and performance analysis** which comprised engagement with officers, document/data reviews, and benchmarking of in-scope services to gain a view of the potential for efficiency and income enhancement

- ➔ We **defined the options and evaluation model** – we developed a model that laid out the core criteria (including weightings) to be applied to the research and analysis
- ➔ We **researched alternative models** – we researched examples of different operating models in order to identify approaches that may help the Council with their thinking. This included a process to identify potential partners from within and outside the statutory sector which could potentially share risk or run some or all of the in scope services
- ➔ We undertook a **soft market testing** exercise– we facilitated a market sounding exercise in order to provide the Council with a firm grasp of the market options available, an assessment of market appetite, and presented a range of potential partnership options (including recommendations) regarding the best fit for the borough.
- ➔ We performed an **options analysis** – we conducted an analysis of how well the potential service delivery models would meet the Council’s agreed vision and evaluation criteria and confirmed this with senior stakeholders
- ➔ This report summarises the **options appraisal** – we have recommended the most appropriate service delivery model(s) and an outline plan for moving forward.

The project plan is set out below

Workstream	Week 1*	Week 2*	Week 3*	Week 4*	Week 5*	Week 6#
Cost and performance analysis	Workshops		Analysis of workshops, interviews & data from LBB services	Continuing commercial analysis		Presentation of Options appraisal
	Interviews with stakeholders			Modelling of financial implications		
	Data gathering from the 8 relevant services		Cost and performance analysis			
Define the options and evaluation model	Frame options & evaluation model		Confirm options & evaluation model			
Research alternative models	Research alternative models					
Soft market testing		Initial contact with potential partners	Soft market testing			
Options analysis	Review and confirm long list of options	Consult legal: legislative issues; alternative models	Develop shortlist options with LBB		Evaluation of options	

* Report to Senior Responsible Officer

Report to Board (as directed by client)

Please note the timings have slipped slightly due to additional time taken to secure the data required.

What services are in the scope of the review?

The review has considered the following 'bundle' of services

- ➡ Building Control and Structures (including Street Naming & Numbering)
- ➡ Planning (Development Management)
- ➡ Land Charges
- ➡ Environmental Health (Residential and Commercial sectors)
- ➡ Public Mortuary and Cemetery & Crematorium
- ➡ Trading Standards & Licensing
- ➡ Registration

We have been given wide licence by the council to consider whether this bundle is appropriate. Recommendations later in this report refer to some proposed changes.

Can the price¹ of the services be reduced?

In order to gain an understanding of the potential 'size of the prize' we have made use of some cost and income recovery benchmarking. It should be noted that this approach does not produce a definitive sizing of potential but is one component of the evidence that can be used to assess the potential financial benefits. This approach does not take into account the relative service levels in the comparator authorities. At the options appraisal stage, a Rough Order of Magnitude (ROM) for potential savings is the appropriate analysis to perform. We do suggest, however, that more detailed financial analysis forms a key element of the business case work to follow. Whilst high reliance cannot be placed on individual benchmark figures they nonetheless provide a useful overall picture.

Service Delivery Cost Benchmarks: (CIPFA)

The table below makes use of CIPFA data for the original service bundle to identify what level of savings may be possible if Barnet were performing at the level of the lowest cost comparator (outer London Councils). Barnet's CIPFA submissions include some very large sums for overheads - as part of the recommended next phase these would need to be investigated in more detail. CIPFA benchmarks are only useful as a general indicator – the cost and income bases used differ from those in the Council's budget and accounts. The general picture, however, is one of high performance but with some potential to improve.

Diagram: CIPFA cost benchmarking

Service Area	Unit	LBB £ per unit	Comparat or ave £ per unit	Comparat or lowest £ per unit	% saving if lowest	£ saving if lowest	Comments
Environmental Health within the residential and commercial sectors	Total gross expenditure by head of population	£10.00	£16.00	£7.70	23%	£ 758,310	2007/8 figures used. Population assumed to be 329,700.
	Total net expenditure by head of population	£8.80	£11.00	£6.60	25%	£ 725,340	
	Food safety expenditure by number of outlets	£253.00	£218.00	£162.00	36%	£ 225,162	CIPFA 07/08 actuals used
Planning, development management	Net expenditure per 1,000 (ex capital charges)	-£1,911	£5,017.00	-£1,911	0	0	LBB are the lowest cost authority in the comparator set, however this figure may well be incomparable as it is very significantly lower than all other comparators.
Land charges							No benchmark data available
Cemetery and crematorium	Total expenditure per registered death	£0.21	£0.41	£0.19	10%	£49,048	In the expenditure figures Redbridge was excluded as being an outlier (cost was 4p, against and average of 41p, with next lowest being 19p)
Registration							No benchmark data available
Building control and Structures	Net expenditure per 1,000 (ex capital charges)	£873.00	£947.00	£185.00	79%	£671,976	See footnote note 2.
Trading Standards and Licensing	Net cost per 1,000 (ex capital charges)	£1,520.00	£2,837.00	£1,520.00	0	0	Barnet are the lowest cost authority in the comparator set

¹ 'Price' in this context refers to the price the Council pays for the service. This may be a positive sum (expenditure) or indeed refer to income to the Council should receipts outweigh costs at any point in the future. When calculating a projected price saving; we refer to both the prospects for expenditure reduction and increased income. Price is therefore a highly general term that can be applied to the financial benefit or cost associated with the service.

Despite some outlying data² which bring into question the comparability for certain service areas this analysis suggests a good potential for financial savings in some areas

Prospects for revenue growth

The table below uses benchmark information on the percentage of service costs that Barnet's comparators recover in service income. In this particular analysis, we have not used the highest recovery percentage from amongst the comparators but have used the 3rd quartile to provide a more realistic target. Given both income and expenditure are potential variables when applying the recovery percentage we have, using the data from above, locked the expenditure figure at the 2009-10 actual minus 10%.

The 'savings' line in the table below has therefore been calculated as follows:

1. 'Total expenditure minus 10%' – 2008-09 total expenditure figure reduced by 10% to represent the effect of efficiency savings.
2. 'Expenditure to income recovery applied' – this figure is the third quartile best income/expenditure recovery rate that comparator authorities report e.g. a 33% figure in this column tells us that an authority achieving this is obtaining revenue of £0.33 for every £1 spent.
3. 'Income (sales, fees and charges)' – is the application of the recovery percentage (bullet 2 above) to the expenditure figure (bullet 1 above).
4. 'Cost / surplus' - shows the resulting cost of the service i.e. income (bullet 3 above) minus expenditure (bullet 1 above).
5. 'Saving' – is the difference between current actual Barnet 'cost / surplus' and that calculated in this table (as derived in bullet 4 above)

Using the comparator 3rd quartile performance (shown as a percentage above) there are some services where Barnet already outperforms the 3rd quartile therefore to apply this percentage would lead to a reduction in financial benefits. For these three areas (shaded in blue in the table below) the model does not assume any change in the recovery percentage but does assume the 10% cost reduction. Once again, the data in these tables is subject to significantly different accounting

² N.B. The comparability of the CIPFA cost data for Planning and Development and Building Control is known to be particularly weak.

For Planning and Development an additional benchmark data set was made available to the review team, based on the output of a report by *ValueAdding.com Ltd* which, whilst showing absolute figures that varied quite widely from the CIPFA information did also show Barnet to be the lowest cost performer in the comparator group.

Within the Building Control figures it is known that Barnet includes some large items of expenditure which do not feature in all the comparator data sets, therefore whilst there is some cost reduction potential it is of a much lower order than these figures suggest.

treatments in Barnet and comparator councils. These differences have the capacity to misrepresent the 'true' position for individual services whilst nonetheless providing an interesting overview.

Diagram: Revenue comparison

	Barnet: Income (sales, fees and charges) and total expenditure 2008-09 (£ thousands)								
Local Authority	Cemetery, Cremation, Mortuary Services	Environmental health	Trading standards	Building control	Planning and development services	Local land charges	Registration of births, deaths and marriages	Total	
Total Expenditure minus 10%	£ 713	£ 2,897	£ -	£ 2,854	£ 8,955	£ 188	£ 520	£ 16,127	
Expenditure to income recovery applied	72%	10%	5%	77%	33%	238%	70%		
Income (sales, fees and charges)	£ 516	£ 297	£ -	£ 2,193	£ 2,940	£ 447	£ 367	£ 6,760	
Cost / surplus	-£ 196	-£ 2,601	£ -	-£ 660	-£ 6,015	£ 259	-£ 154	-£ 9,367	
Saving	£ 79	£ 306	£ -	£ 581	£ 995	£ 21	£ 172	£ 2,154	

Trends in income and expenditure

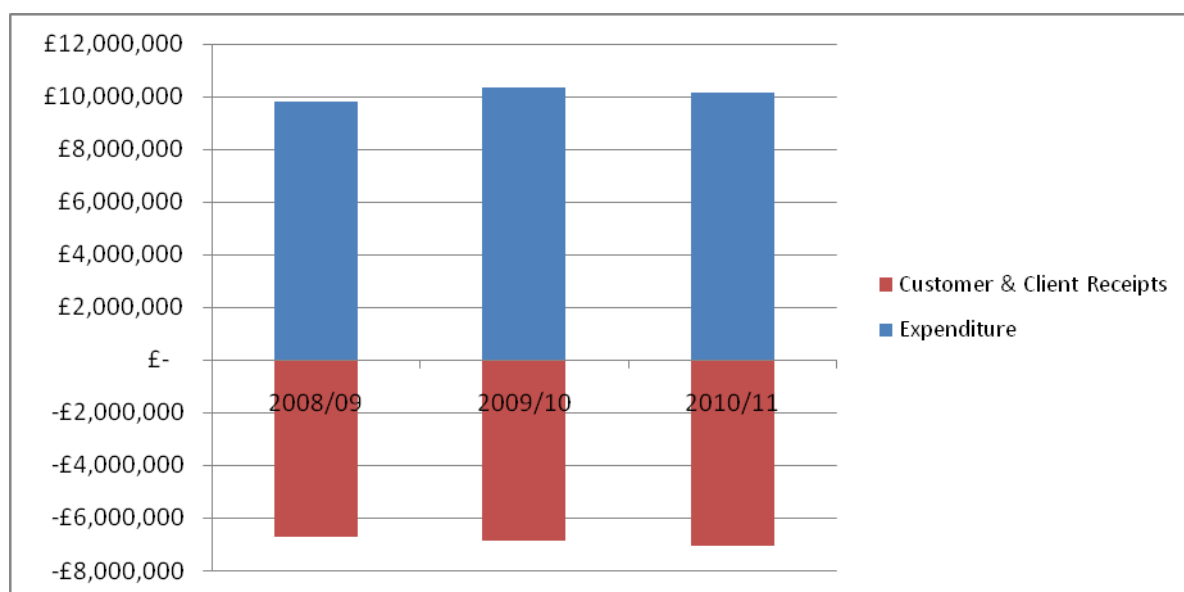
The tables and graphs below show the income and expenditure trends for the services in the cluster over the last two years of actual outturns and the budget information for 2010/11. Please note that the following adjustments (to enable more accurate comparisons across years) have been applied:

- For 2008/9 and 2009/10 outturn figures the following expenditure items were removed:
 - Capital charges
 - Capital financing costs
- For all three years figures the following income items were removed (leaving only customer and client receipts):
 - Government grants
 - Other grants, reimbursements & contrib.

Overall 3 year income and expenditure

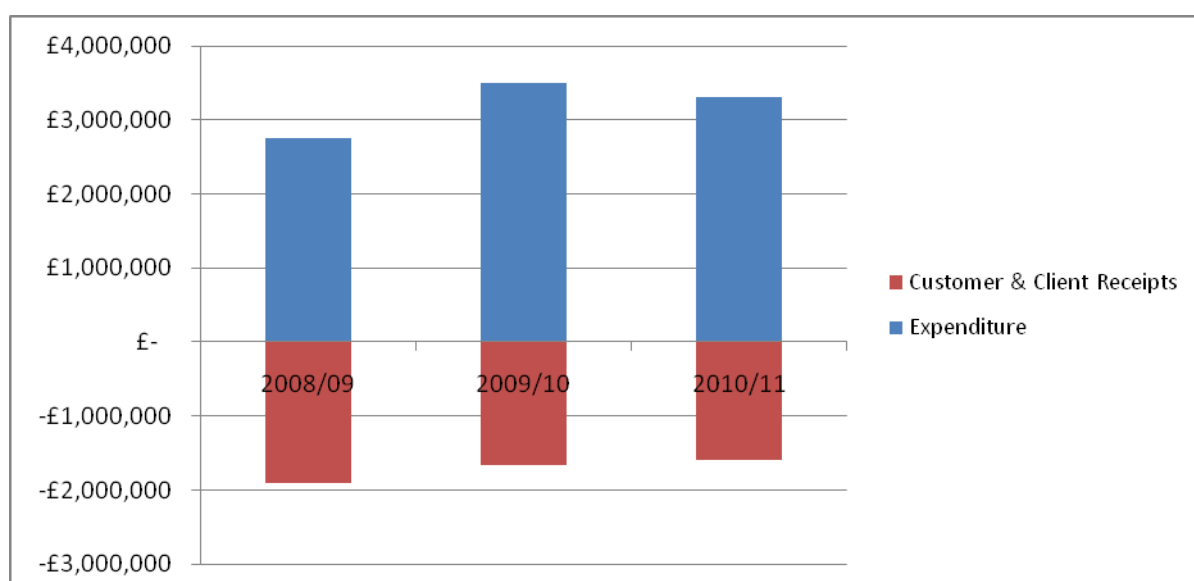
There is a positive trend to report in terms of the balance of income and cost in the services overall. Generally, costs are stable or slightly decreasing whilst income levels have been steadily rising:

Diagram: Overall 3 year income and expenditure

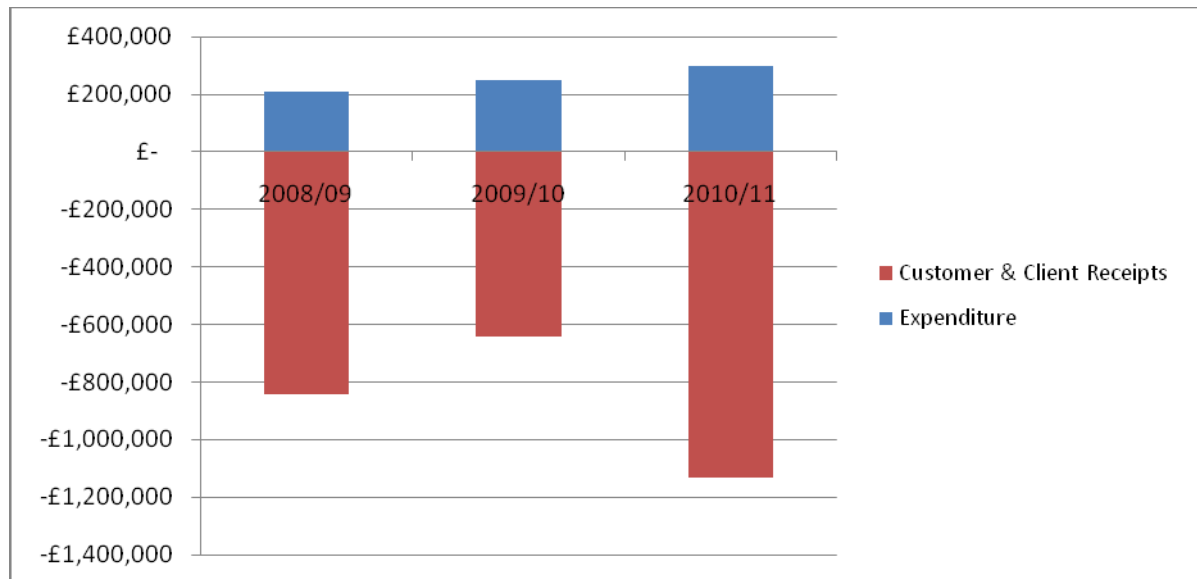


The specific service charts are set out below:

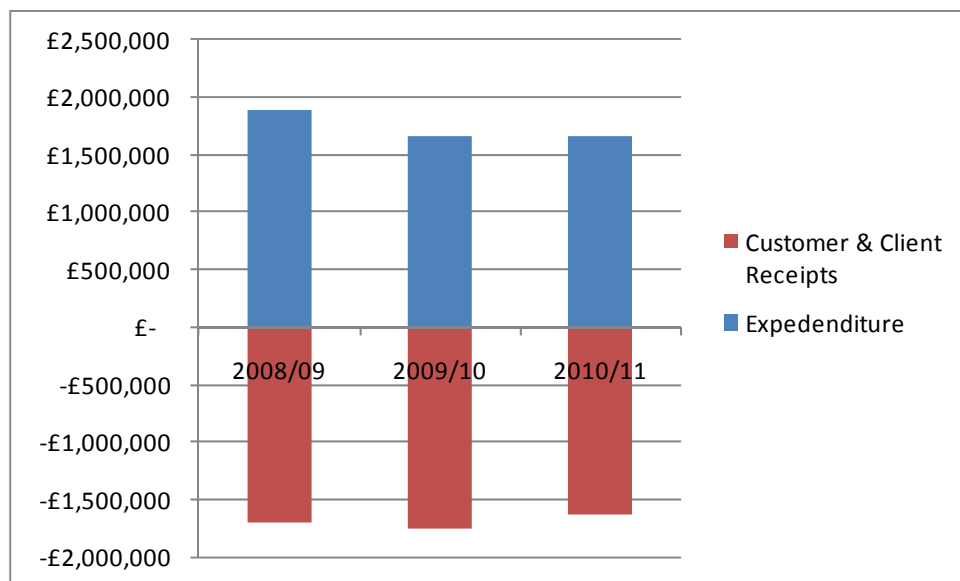
Planning (development control) 3 year income and expenditure



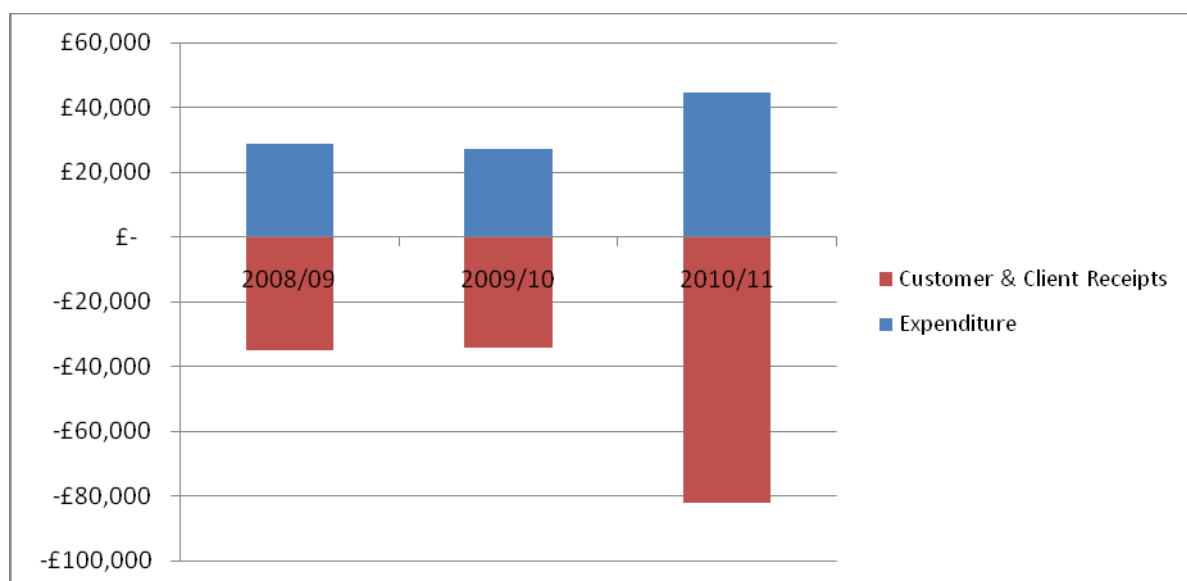
Land Charges 3 year income and expenditure



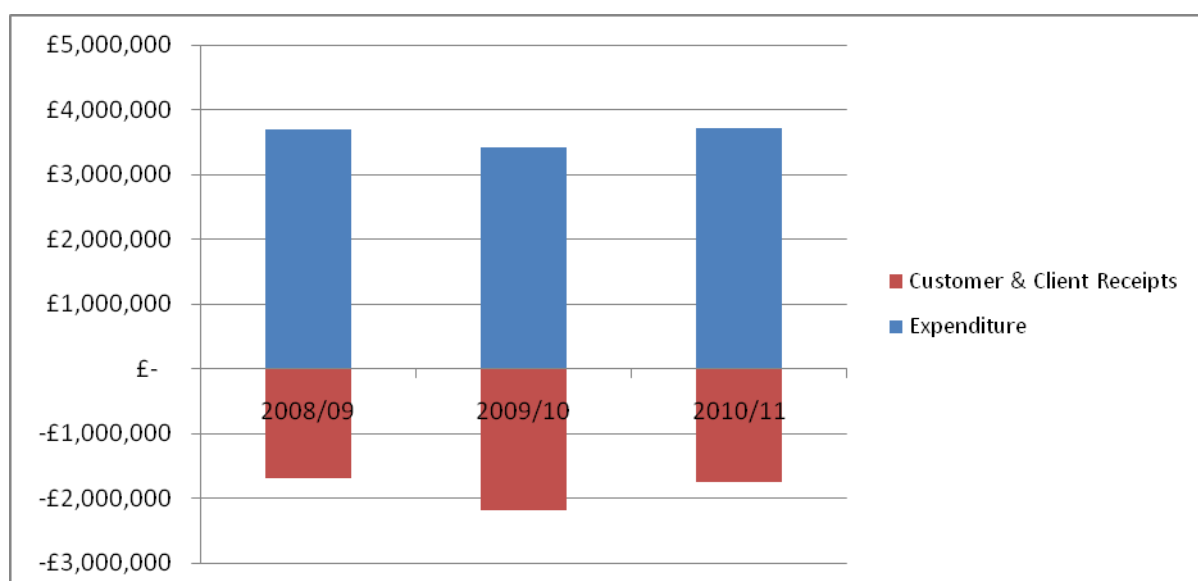
Building Control 3 year income and expenditure



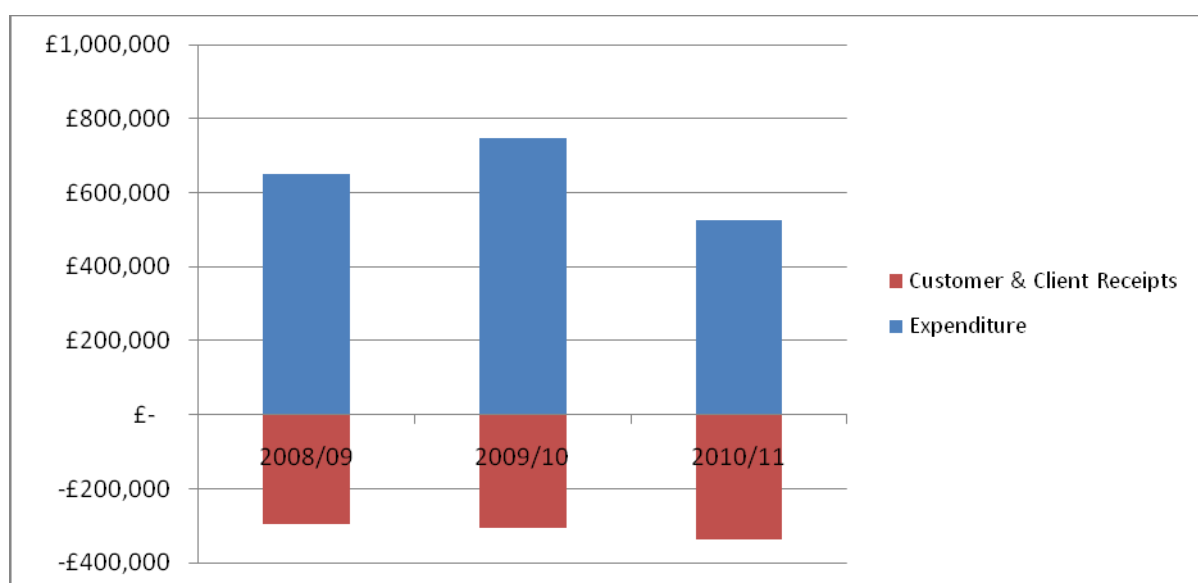
Street Naming/Numbering 3 year income and expenditure



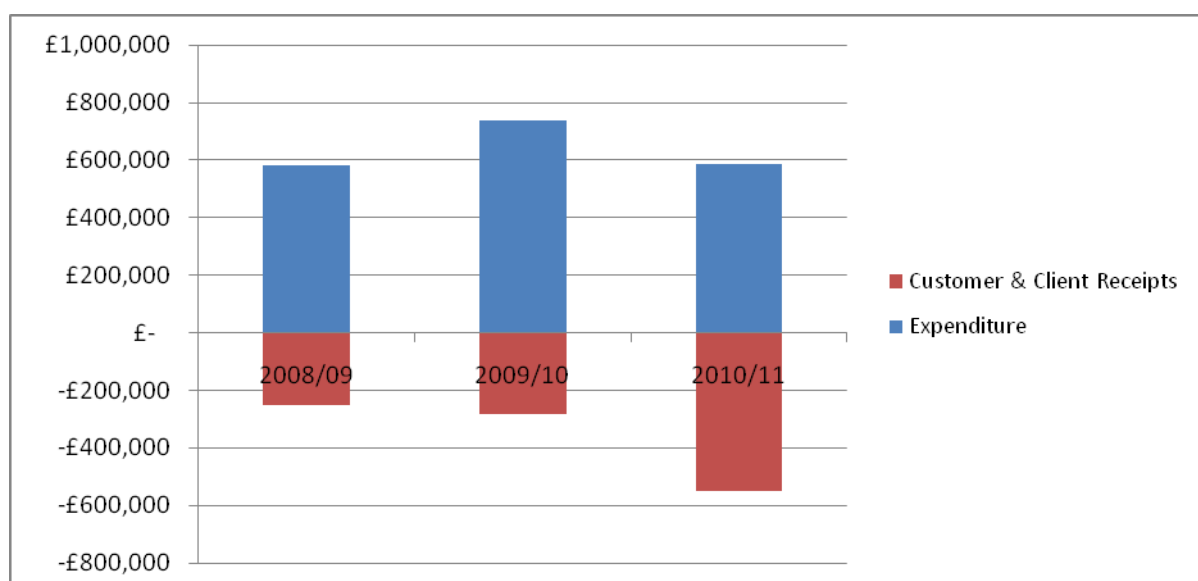
Environmental Health 3 year Income and Expenditure (including Cems and Crems)



Trading Standards 3 year Income and Expenditure



Registrations 3 year Income and Expenditure



Price conclusions

The services are reasonably high performing and reasonably low cost. So there is not a case for an ambitious cost reduction target (say 20%) unless this included a service level reduction component. There are good opportunities, however, for greater efficiency, particularly when set against some of the known approaches in the private sector. It would be prudent, therefore, to set an efficiency ambition at 10% of overall cost.

The income component, however, creates a further opportunity to positively affect overall price. There is very significant potential to grow income but only with the appropriate commercial/business strategy and capability. It is not possible or desirable to price the highest levels of income ambition –

to do so would be simply speculative. However, income growth of 10% (against broadly the same cost base) would be a reasonable and appropriate assumption at this stage. This would rely upon increased income from planned growth in Barnet's infrastructure in addition to modest trading returns in the context of a business entity with greater freedom to trade. Given income levels are some 70% of expenditure, a 10% net income increase affects overall price by a lower amount (7%). Achieving this level of income gain requires investment in commercial capability

We propose that financial benefits (taking into account expenditure and income) are set in the range of 15% to 20% - equating to up to £2.5m a year. Balancing this benefit are costs namely:

- ➡ One off procurement costs of £2m (upper limit)

Based on these assumptions we suggest the ROM benefit is as follows:

	Costs and benefits
Procurement cost	£2m
10 year retained client cost	£7m
10 year financial benefit	£25m
Net 10 year benefit	£16m

At the business case stage, we also suggest assessment of the income sharing/revenue sharing mechanism and the potential for service level reduction. This would provide the basis for 'top-up' of financial benefits.

Finally, there is a need for all of these assumptions to be updated should additional services be added into scope.

Can the services be improved or transformed?

Whilst the services are reasonably high performing, the key metrics used to judge performance are relatively limited.

It is clear from (a) consultation with top stakeholders and (b) the stated ambitions of Future Shape that the Council wishes to explore a reinvention of the way these services are delivered. The vision is not yet fully crystallised, but features of a transformed environmental regulatory cluster include:

- ➡ A focus on joined-up environmental regulation, design and management based around the citizen perspective;
- ➡ The development of 'pathways' for environmental regulation which would be supported by integrated IT, customer service and support services for the key professionals and customers
- ➡ A greater emphasis on multi-disciplinary working – to provide a more seamless service for the citizen and reduce double-up costs

This is an exciting vision, which, if delivered, would represent true transformation and innovation for the DPHS bundle of services to make a wider localities related cluster.

The agenda for change, therefore, concerns **transformation as measured by Barnet citizens, businesses, communities and the third sector** and not improvement as measured by national benchmarks and targets. This is a particularly strong transformation message to take to market. It will, however, raise a number of price and quality questions, which need to be dealt with in a fuller outline of the requirement.

What is the market telling us?

As set out in our approach, a soft market soundings exercise was constructed to test market appetite in delivering the DPHS bundle. A total of eight organisations were sent the a questionnaire and a total of seven organisations returned the questionnaire. Five organisations attended interviews, which were conducted by IMPOWER/Agilysis alongside service and corporate officers of the Council.

The level of interest shown combined with the answers to questions posed suggests a strong level of market interest. Given the size of the bundle and the relative immaturity of the market in these services, the level of interest is strong as opposed to very strong – some of the services in the bundle are relatively new to the strategic partnering market and the market will therefore be more cautious in its approach. Our overall conclusion is that **there is sufficiently strong market interest to generate a healthy and competitive procurement.**

Despite the overall strength of interest, the soundings revealed differences in market attitude to the bundle. The differences can be broadly distinguished between:

- ➡ Those organisations who have interest in the full services from strategy to customer operations and contact
- ➡ Those who regard their added value in ‘enabling’ the professional officers with high quality front and back office services (and might seek to partner to provide professional input or indeed request retention of officers by the council)

Given the scope and objectives of DPHS a ‘full service’ model seems preferable, but in any event it will be exceptionally important to set a procurement strategy which brings forward the right potential partners and maintains healthy competitive tension

The Customer Service Organisation (CSO) and Support Services strands of Future Shape will be very important to any potential market for the delivery of DPHS. The market will need to know how CSO and Support Services will interact with DPHS. This is an evolving picture for Barnet and within reason, transparency is key. It is not necessary to have worked through the precise interaction at this stage, but concurrent with issue of the PQQ, there should be a statement of how the different projects will interact and any known parameters (such as utilisation of existing estate).

A larger bundle of services would certainly strengthen market interest. Whilst the value of a potential deal is reasonably high, the services are relatively new to market (there are perhaps only three strong comparator partnerships in existence). As such, the Council will benefit from the use of other means to maintain interest and attractiveness and size of deal is one of the best means of doing so.

What market option do we recommend?






The market options for consideration are as follows:

- ➔ Private Sector Joint Venture
- ➔ Status Quo Plus
- ➔ Incremental Partnership
- ➔ Shared Services
- ➔ Consulting Led
- ➔ Local Authority Trading Arm
- ➔ Strategic Partnership
- ➔ Management Buy Out

Descriptions of these options are set out in *Appendix B: Option Profiles*

Whilst these options do not cover every possible legal entity, they broadly describe the key options for the Council. No main option has been ruled out of the analysis. A key aspect of any options appraisal process is defining a clear set of requirements to be achieved by the project. For this project, it was important to gain consensus at a senior level regarding those factors that will be most important when assessing the viability of the various potential service delivery options. Based on the Council's vision, Future Shape and other strategic documents, iMPOWER undertook a series of meetings with key stakeholders to discuss how the Council would evaluate the potential service delivery options. Based upon these meetings and subsequent clarification discussions, the following key criteria and weightings were identified as being the most important when evaluating the appropriateness of potential service delivery models.

Diagram: Options assessment criteria

Agreed criteria	Agreed weighting	Rationale & alignment to Future Shape objectives
Price		The potential to reduce delivery costs (in the short-term). The ability to generate enhanced or new income streams in the medium term. The avoidance of significant investment by LBB to meet short or medium term price benefits.
Flexibility and risk		The potential to adapt within reason any contract or arrangement without undue cost for LBB. Also the ability of the council to transfer risk effectively.
Performance		The potential to increase performance by transforming service delivery and introducing innovations to the services.
Citizens and stakeholders		The potential to improve the citizen experience and satisfaction levels by transforming service delivery and introducing innovations to the services.
Pace		Potential for timely implementation and rapid benefits realisation.

In the scoring matrix below the scores are derived as follows:

- ➔ All scores are on a scale of 1 – 5, where 1 represents the least desirable outcome and 5 the most advantageous. For example, a ‘Price’ score of 5 would be for a very low cost option and/or high income option, whilst a Flexibility & Risk’ score of 5 would be for highly flexible and low risk option.
- ➔ The review team as a group carried out the scoring based on the evaluation criteria descriptions and our understanding of the different models. Reasoning behind the main points of the scoring approach taken is provided in the ‘Scoring Narrative’ below.
- ➔ The scores have been reviewed in draft with a number of senior stakeholders from the Council.
- ➔ The scores had the weighting applied as shown in the criteria above and a final weighted score for each option calculated, as shown in the ‘Weighted Total’ column below.

Diagram: Options scoring matrix

	Price <input type="text"/>		Flexibility & Risk <input type="text"/>		Performance (<input type="text"/>)		Citizens & stakeholders (<input type="text"/>)		Pace <input type="text"/>		Weighted Total
	Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score	
Private Sector Joint Venture											
Status Quo Plus											
Incremental Partnership											
Shared Services											
Consulting Led											
LA Private Trading Arm											
Strategic Partnership											
Management Buy Out											

Scoring Narrative

Introduction

This section sets out a short commentary on the various business models and some high level reasoning of why the scores have been allocated as they have. A more detailed description of the models can be found in Appendix E. It should be noted that the Eversheds report on the legal issues concerning the various business models does not preclude any from consideration but does highlight issues that would need to be taken into account in implementing the preferred model.

Private Sector Joint Venture

Price: Whilst capable of delivering a low price this would be a costly option to implement - the joint venture procurement being more complex than a straightforward partnering arrangement. Joint ventures are best suited to situations where there is significant potential and appetite to develop third party business.

Flexibility & risk: Where third party business is a more secondary goal it may be possible to build many of the benefits that a JV can provide, such as gain sharing and a reasonable degree of flexibility, into a more conventional partnership contract. It is likely to provide a good degree of flexibility due to the control the Council could retain.

Performance: Whilst performance can be high in joint ventures there is a risk that the focus on commercial goals and development of new business can be at the cost of service delivery.

Citizens & stakeholders: JVs have the potential to enshrine old operating assumptions, which can limit the scope for transformation and therefore more radical change is less likely.

Pace: Due to the complexity in developing the arrangement this option is likely to take a relatively long time to implement.

Status Quo Plus

Price: This option is not likely to lead to a step change improvement in costs or service levels as it is primarily based on current operations. Whilst with this model there are no procurement costs there would be potentially large project costs in terms of officer time and possibly third party support as well as the likely need to invest in order to realise the benefits, such as in technology.

Flexibility & risk: Whilst there is flexibility inherent within this model due to the Council retaining full control there is also a significant risk that the full benefits, especially associated with cost reduction, may not be realised – if they were easy to realise the council is likely to have done this before.

Performance: This model would not provide an injection of substantially new thinking and therefore there can be no assumption that there would be a great increase in performance, albeit it is unlikely to fall.

Citizens & stakeholders: There is likely to be a degree of focus on citizen satisfaction but there is not likely to be radical change.

Pace: Given no procurement is needed the timescales to implement should be reasonable although the time taken to fully realise the benefits of change can be prolonged. At present there is not a transformation plan within the services that approaches the kind of step-change available by selecting a partnering option. The 'plus' element of Status Quo Plus is not yet in existence and investment would be needed to generate a convincing plan.

Incremental Partnership

Price: An incremental partnership can drive a well priced service as the market is incentivised to provide a competitive deal in order to secure future services.

Flexibility & risk: Whilst risk and flexibility are reasonable, there is a weak fit with Future Shape. The Council's agenda for change is comprehensive – an incremental partnership would suggest a level of indecision about strategic direction, which is inconsistent with wider Future Shape plans. For example, an obvious 'increment' for a Partner may be that addition of Facilities Management Services, but these services are the subject of another project within the programme. The same picture is presented for almost all the services that could theoretically serve as incremental to the current bundle. This can however be an attractive option where a potential partner has a good proposal for the majority of the services but appears weaker in one or two smaller service areas.

Performance: The incremental element of the partnership ensures that the partner, at least until all the services are transferred, remains incentivised to provide high levels of service.

Citizens & stakeholders: Positive transformation can be achieved through an incremental partnership to improve the experience of the service - indeed it may be possible to make the transformation of services transferred early on in the partnership as a pre-condition for the transfer of later services.

Pace: Given that by the nature of an incremental partnership not all the services are included in the initial contract it is a much longer process, probably by several years, for the full service bundle to be transferred to the partner, and therefore the full benefits that may be conferred are similarly delayed.

Shared Services

Price: The ability for shared services to deliver reduced price is limited within some of the services proposed as they are large enough already to achieve most scale economies. Whilst there is potential for income from shared services - realising this can be very difficult unless significant third part business is won.

Flexibility & risk: Flexibility is reduced by the need to provide a consistent service to a number of organisations meaning any change of substance needs to be agreed with all stakeholders, and there is a risk that a lack of alignment of goals may jeopardise the achievement of desired benefits.

Performance: Performance can be improved by a shared service arrangement to a reasonable standard however due to the number of stakeholders a generic 'common denominator' service level is most likely.

Citizens & stakeholders: Once implemented, shared service arrangements can lead to good citizen satisfaction due to the access to a large and flexible pool of resources including specialists.

Pace: The implementation of a shared service model can be very lengthy due to the need to potentially coordinate a number of organisations. No current plans of any maturity exist to provide ready-made access to implementation and benefits.

Consulting Led

Price: This model is not dissimilar to the status quo plus option but does provide some external expertise that can lead to increased and faster benefits in terms of price.

Flexibility & risk: There is a very low level of risk transfer in a consulting led model and very low surety of outcome. Flexibility maintained as the service remains in the control of the Council.

Performance: The introduction of new approaches and consulting techniques can lead to a greater performance improvement than an-house improvement work alone.

Citizens & stakeholders: Whilst a change in the citizen and stakeholder experience is likely this will probably be more 'incremental' than 'radical'.

Pace: Although there would be a need to procure a consulting partner, the process need not be significantly costly or time consuming.

LA Trading Vehicle

Price: This can be a strong option if the organisation has an ambition and capability to pursue traded services and the service bundle is well suited to such commercial treatment. When this model works well it can provide good results in terms of price and performance/satisfaction levels but there is a risk that potential benefits will not be realised.

Flexibility & risk: The services do not currently have the critical mass of commercial capability to take this option forward without presenting significant investment requirements and risks.

Performance: The main drivers for choosing such a vehicle are commercial and these will typically lead to a focus of achieving an acceptable level of performance at the lowest possible price

Citizens & stakeholders: In order to achieve commercial objectivise a certain level of stakeholder satisfaction will be required however a step change is unlikely.

Pace: This approach relies on the creation of a new vehicle (which need not be very lengthy) followed by a period of performance improvement/ transformation and then a period of business development. Therefore whilst initial vehicle formation can be quite rapid the full realisation of benefits can take much longer.

Strategic Partnership

Price: Due to competitive pressures, a strategic partnership can provide a low price and given this would be part of the contract the achievement of that price is relatively low risk. Income or revenue sharing can be contracted for to ensure that the Council does not 'sign away' significant potential for income generation.

Flexibility & risk: Whilst historically strategic partnership contracts have not always been highly flexible, more recent best practice can build a significant amount of flexibility into the legal agreement. This is a strong option for balancing benefits and risks and when based on a service cluster that is attractive to the market can generate significant advantages.

Performance: A focus on performance can be maintained by the development of a suitable price performance mechanism, which can also be tied to citizen satisfaction.

Citizens & stakeholders: The introduction of substantially new ways of delivering services can lead to noticeable citizen and stakeholder benefits as the partner is able to employ approaches that have worked on other contracts and introduce specialist resources as required.

Pace: The procurement of a strategic partnership with a suitable contract can be a lengthy exercise although evidence is beginning to emerge that suggests the Competitive Dialogue process can be accelerated.

Management Buy Out

Price: The management buy option within local government services is an innovative model that has the capacity to generate high levels of savings. The formation of an MBO option could be costly as significant ethical and legal issues would need to be navigated.

Flexibility & risk: Whilst flexible there is risk due to fact that it is a relatively unproven option and does not necessarily lead to the introduction of significant new service expertise. In the context of a competitive procurement a management buy out, it has the capacity to distort the market and hence benefit to the Council.

Performance: Whilst there is little public sector precedent on which to base an assessment it is clear that there will be a very high focus on the cost of service delivery and there is a risk that this would be to the detriment of performance.

Citizens & stakeholders: There is not likely to be a major injection of new thinking in an MBO approach, instead a focus on service costs are likely to produce a 'no frills' service. However, with a well thought through contract in place the market pressures are likely to lead to the delivery of an acceptable level of service.

Pace: If this option were chosen we would recommend that it forms one bid within a competitive dialogue procurement. We would however propose that this could only be considered once a number of pre-conditions were met (as set out below in "Management Buyout in a Competitive Dialogue for a Strategic Partner"). This would therefore be at least as lengthy as strategic partnership procurement, and therefore quite lengthy.

Recommendation

It is clear from the appraisal that the services in scope, when taken together, have performed well in recent years. Many are medium to low cost and medium to high performing. But it is also very clear that the services require a fresh injection of intellectual capital, investment, commercial skills, tools

and business models to take the next steps in transformation. Moreover, retention of the services in-house acts as a hamstring for commercialisation and income growth.

The market option most likely to deliver the transformation and price changes needed is a strategic partnership with the private sector. Such a partnership might include an income or revenue sharing mechanism to incentivise trading growth.

There are a variety of ‘middle ground’ options such as a local authority company (with some private sector involvement) or joint venture. These options will add complexity to the set-up and operation of a partnership and not best provide for the degree of transformation desired.

Management Buyout in a Competitive Dialogue for a Strategic Partner

Whilst a Management Buy-Out (MBO) is theoretically possible to include as a participant within a strategic partnership procurement, there are risks of market distortion associated with this option. MBOs are highly incentivised entities and as such should not be unduly disregarded. But MBO is plainly not the highest scoring option considered. Should the Council wish an MBO option to proceed, we suggest four key criteria to be satisfied: ‘

1. That the Council’s **commissioning procurement officers are satisfied that no material market distortion** will occur as a result of ‘in house’ activity of this kind.
2. That **parameters are set for council officer engagement with the financial and services market** before and after any OJEU notice issue, again to protect competitive tension in any procurement
3. That the **roles and conduct of council officers is thoroughly clarified to the satisfaction of the council in the context of a competitive dialogue** and legal/commercial advice is sought on the procurement/legal issues raised, not least with respect to ethical walls
4. That an MBO will be able to satisfy any prequalification criteria in relation to **financial standing and track record**

It will be difficult to generate the competition needed to achieve the Council’s price and transformation objectives with an MBO bid in the field. Naturally, other participants will regard the MBO as an ‘in-house’ bid with all the natural advantages this status confers.

Finally, we suggest there will be timing implications. Should the Council wish for an MBO team to be given fair opportunity to meet the tests set out above a period of time – say three months – will be needed prior to the issue of any PIN and PQQ.

A competitive dialogue approach *could* also result in a Joint Venture or Incremental Partnership. However, these options based on current evidence look less advantageous than a Strategic Partnership and we do not suggest they are actively sought, as it will be important to have clarity of objectives when working with the market. The ‘incremental’ element of an Incremental Partnership would need to be within the published scope – i.e. if the Council felt that a potential partner had not

shown how change/benefit could be delivered in Registration Services (whilst demonstrating considerable added value elsewhere) it might reserve the Registration component for take-up at a later stage based on performance and other criteria.

Should the current bundle of services remain as scoped?

We believe that Mortuary Services and Electoral Registration do not fit well with the bundle and should be excluded from further consideration. In the case of Mortuary Services the potential for change is slight, and in electoral Registration we believe there are many aspects of this service which at times, need to be under the direct influence and control of the chief executive. This is not to rule out a private sector option for these services in due course.

It is vital – notwithstanding market option selected – that the Council has a vision for the future delivery and transformation of the selected services. This vision has not been set out, but during the course of the options appraisal work, we have attempted to identify unifying themes, largely via discussion with key stakeholders.

This work suggests an embryonic vision of environmental regulation and design as an integrated, citizen-centric service. Environmental regulation plays a powerful part in the lives of Barnet citizens, particularly given the rapid growth in built environment infrastructure the borough is experiencing. But the coherence of this vision is compromised without the inclusion of transport/highways regulatory and management services. For a citizen of Barnet to receive a genuinely integrated service or focus, around personal and community issues that matter to them, it would be counter-intuitive to draw an artificial line between buildings and roads – together they form equally important elements of how a citizen experiences their surroundings.

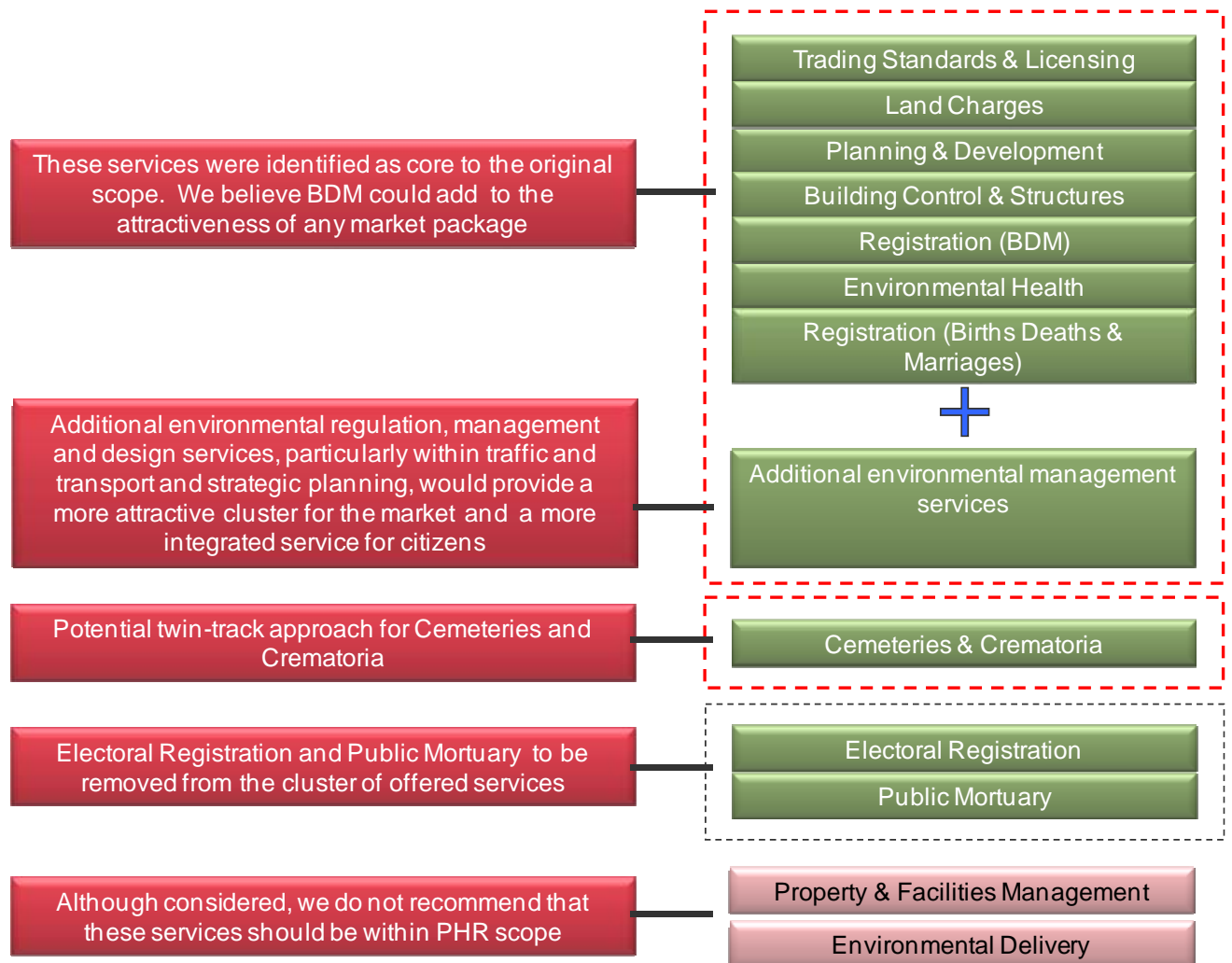
For the avoidance of doubt, we do not suggest inclusion of ‘street scene’ services. Whilst there is a clear connection, street scene services are largely not concerned with the regulation and design of the built environment. Further, there is not a strong market fit with combined regulation and street scene services.

We also propose the inclusion of strategic planning and regeneration within the bundle – much of this activity has a strong connection with the other services in scope. We believe there should be a ‘thin’ retained ‘place shaping’ function at Barnet’s commissioning core although the detail of this is yet to be drawn up. This may include the top management of the current strategic planning function but not the main body of strategic planning activity.

Cemeteries and Crematoria has been the subject of another market soundings exercise. We suggest strongly that this service should be included within the scope of the competitive dialogue and hence properly tested with the market. It would occupy a slightly different status in the procurement – whilst it would be included in the bundle, participants would be invited to consider whether. The Council would then be in a better position to judge whether benefits could be achieved via a partnership option. Whilst the service is earning high levels of income, a partnership option could increase the net gain to the Council further if it were able to bring the significant investment that is required. This increased revenue potential would add considerably to market appetite for the bundle. It is possible that a prime bidder may partner with a specialist organisation for the provision of this service – if this were the case it would be necessary for the council to explore what synergy this brings and to ensure that it does not lead the bidder applying ‘margin on margin’ which would add to the price.

We suggest Registration Services (births, deaths and marriages) are included within the bundle. Whilst they do not have perfect fit with the service type in the bundle, again, they would provide additional market attractiveness. The commercial and transactional elements of the service would have a strong fit with other services.

Diagram: Bundle proposal



What highways and transport services could be brought into scope?

Further analysis will be needed to determine which services fulfil the built environmental management, regulation and design criteria. Indicatively, however, we suggest the following services are considered:

- ➡ Highway Network Management (in whole or part)
- ➡ Regeneration
- ➡ Transport Planning
- ➡ Highway Design
- ➡ Highway Development
- ➡ Highways Planning and Safety

To aid speed of process, we propose the work needed is conducted as part of the development of the business case. It is possible, although unlikely, that the inclusion of additional services will change some of the financial benefit assumptions (and possibly other assumptions). Again, the business case process would be the most efficient way of addressing these potential issues

When will change happen?

For a procurement of this nature, the Council will need to follow normal European procurement rules – an OJEU process. Our suggested approach, given the potential to shape the final scope of services during the procurement exercise, would be a “Competitive Dialogue” procurement route.

Assuming that the Council decides to move forward with these recommendations we suggest the following programme is realistic for the Council to pursue:

Timescale	Task
September 2010	<ul style="list-style-type: none"> ➔ Approve recommendations including those for additional services as per this report's recommendation ➔ Commence detailed analysis/ data collection for all in-scope services ➔ Develop the initial business case (for refinement in future stages)
September 2010 – October 2010	<ul style="list-style-type: none"> ➔ Put Council in-house team in place ➔ Set out Project Plan for next phase – November to February ➔ Refine service transformation objectives ➔ Initial Union meetings ➔ Confirm scope of services – transferred and potential savings
October 2010	<ul style="list-style-type: none"> ➔ Confirm communications plan and implement ➔ Procure legal support ➔ Draft outline service output specifications ➔ Review OJEU Prior Information Notice (PIN) to ensure it is adequate ➔ Develop and issue Pre-Qualification Questionnaire (PQQ)
November 2010 – December 2010	<ul style="list-style-type: none"> ➔ Finalise service output specifications ➔ Respond to market questions
December 2010	<ul style="list-style-type: none"> ➔ Evaluate market responses (PQQ) and select shortlist of potential Partners
January 2011	<ul style="list-style-type: none"> ➔ Issue invitation to Submit Outline Solution (ISOS) (dialogue 1) to shortlisted participants ➔ Issue full output specifications to shortlisted participants ➔ Prepare for dialogue
February 2011 – April 2011	<ul style="list-style-type: none"> ➔ Competitive dialogue (dialogue 1) ➔ Due diligence
April 2011	<ul style="list-style-type: none"> ➔ Evaluation and down selection
May 2011 – September 2011	<ul style="list-style-type: none"> ➔ Competitive dialogue (Invitation to Participate in Dialogue [ITPD])(dialogue 2) ➔ Due diligence, financial submission, conclusion of legal documents ➔ Invitation to Final Tender (IFT)
September 2011 – November 2011	<ul style="list-style-type: none"> ➔ Selection of preferred participant
December 2011	<ul style="list-style-type: none"> ➔ Appointment of Strategic Partner
December 2011 – March 2012	<ul style="list-style-type: none"> ➔ Contract mobilisation

What happens next?

There is some work to do to enable a clear Council decision to proceed; and to scope the additional services proposed in this report. This can be conducted quickly. The Council has already indicated that a business case will be needed following the options appraisal. To ensure the December 2011 deadline is achieved, we suggest this process starts now and continues to be developed concurrently with kick starting the OJEU process. We do not believe a major business case process and document is needed given the Options Appraisal makes a clear case for action. Rather, there should be two main aspects of the business case work to be completed namely:

- ➡ Further financial analysis to verify the high level analysis performed in the options appraisal
- ➡ Further work to define the service transformation objectives

The next steps for the Council are to put in place the team that will oversee the suggested work programme. Specifically this team will manage the analysis and confirmation of the size, costs, and performance of the in scope services/functions on a corporate basis. The financial analysis will require significant finance officer support. Outline service specifications will also be needed to issue to potential participants. The PIN notice for the OJEU should be reviewed to ensure it is wide enough for the proposed procurement. Finally, the Council will also need to implement an internal and external communications strategy that energises the organisation and commits to this programme.

A plan setting out the detailed timings and resource costs of work needed should be developed concurrently with the decision making process over the coming weeks in order that officers are 'ready to proceed' immediately following due democratic process/decision-making.

Appendix A: Service profiles

Building Control & Structures

Overview

Building Control performs an important statutory surveying, enforcement and control function. Whilst the Council competes with the private sector for some business, it fulfils the role of the default body, which is required to take on any and all work. The Council's Building Control fees are relatively high, but the service concentrates on good service rather than being reliant on lowest cost.

At present Building Control has to break even over 3 years (by law). This will be changing from 1st October 2010 where each and every project must be charged 'at cost' therefore regardless of how efficient they become they cannot make a surplus, although citizens could benefit though from higher service levels and reduced costs.

Many local authorities struggle to operate building control without some subsidy but the demand and capability at Barnet is such that the reverse is true – it is increasingly difficult to prevent surpluses from being made.

Building Control receive up to 17,000 phone calls per month which is a significant draw on staff time. The 'plan checking' function is a desk based role and as such could be performed anywhere, as indeed could some of the inspection visit booking. There may be scope for further ICT based efficiency.

The Street Naming and Numbering function has no restrictions on what fees it charges and fees are set at £60 per property. Approximately 1,000 properties are named/numbered annually. There are some combined Building Control and Street Naming & Numbering packages offered to customers to draw in business.

Headline message

This is a strong service which could benefit from increased freedom to trade, greater integration with other environmental regulation and the injection of commercial capability and models

Key facts

Service Area	Building Control & Structures (incl. Street Naming & Numbering)
2010-11 Employees	20.8 FTE (budget)
	20 full time employees and 1 casual staff member
2010-11 Expenditure - Gross	£1,832,359
2010-11 Income	£1,714,288
2010-11 Expenditure – Net (Gross Exp – Income)	£118,071

Income Trend

The table below shows that income has been steadily increasing:

Cost centre - 10643	Building Control - Income				
	2009/10	2008/09	2007/08	2006/07	2005/06
Budget	-1,579,490.00	-1,476,580.00	-1,348,880.00	-1,314,000.00	-1,314,000.00
Actuals	-1,508,177.16	-1,457,831.73	-1,453,409.77	-1,273,901.53	-1,217,022.52
Variance	71,312.84	18,748.27	-104,529.77	40,098.47	96,977.48

Fees and Charges Information: Benchmark comparison against Brent, Camden, Enfield, Haringey & Harrow

Charge	Commentary
Schedule 1 Net Building Notice Charges	2009 fee structure. Barnet charges are higher than the mean average of the benchmark authorities in half of the fee levels.
Schedule 2 Net Building Notice Charges	2009 fee structure. Barnet charges are higher than the mean average of all authorities for 3 out of 4 fee levels.
Schedule 3 Net Building Notice Charges	2009 fee structure. Barnet charges are higher than the mean average for all authorities for all fee levels.

Performance: LDSA Establishment Survey 2009: Benchmark Comparison against Haringey, Enfield, Waltham Forest, Islington, Camden & Hackney

Measure	Performance
Total Applications*	Total applications received 2009/10 3388 – An 89% increase on the next highest authority – Enfield at 1795.
Number of Applications* Per Staff	Number of applications per staff is 188. This is the highest number of applications and a 75% increase over the mean average number for the group of authorities at 107.
Income 2009-10	Income is £1,548,000. This is by far the highest figure in the benchmark group. The mean average is £872,000. (Note, does not include Hackney)
Income per staff member 2009-10	Income per staff member is £86,000 this is the highest figure and 39% higher than the mean average number for the group of authorities. (Note, does not include Hackney)
Site visits 2009-10	12,000 site visits is 31% higher than the mean average number for the group of authorities

*Applications to include Building Notices, Full Plans, Regularisations and Initial Notices.

CIPFA metrics

Estimated Expenditure & Income 2009/10 Service Expenditure (Outturn Prices), Excluding Capital Charges Planning & Development Services: Building Control	£'Head	£'000
Camden	(0.43)	(99)
Barnet	0.40	133
Waltham Forest	1.36	260
Islington	1.43	268
Haringey	1.52	341
Enfield	2.37	676
Hackney	3.80	797
Inner and Outer London Borough Group Average	1.68	383

Barnet ranks second in terms of lowest expenditure and £'Head. Furthermore, Barnet is ranked in the lower quartile (26 out of 31) Inner and Outer London Authorities for expenditure.

References

- ➡ 2010-11 Budgets and Recharge Information.xls
- ➡ TUPE Schedule 12 5 10 with Vacant posts.xls
- ➡ 2010-11 Budgets and Recharge Information.xls
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- ➡ North London mini benchmarking.xls
- ➡ cipfastats.net

Planning & Development (incl. Major Projects) and Planning Strategy

Overview

Planning and Development covers statutory planning process, enforcements, land charges, and major projects. Planning & Development as a whole generates significant income although this does not cover all its costs. Volumes and therefore income have decreased in recent years due to less building activity, currently at around 4,500 p.a. down from a peak of 5,500. Planning fees are set nationally but LBB are able to charge what they wish (subject to market pressures from private sector competitors) for planning advice. In general this service area is low cost compared to most of its peers, although there may be some scope for further streamlining there are not thought to be major efficiencies to be found within the current delivery model. Some earlier market research and current market testing suggest there may be limited market interest in delivering planning services.

Planning Strategy covers housing, planning policy, major developments, design and heritage and planning infrastructure and growth, these areas are not within the initial services cluster. Major developments provide some advisory services and charge £3,500 for a meeting and an advice note for this work, but only have fairly small volumes, about 25 a year, however some single developments can generate significantly higher fees.

The planning team think that there may be shared service opportunities, particularly in London due to commonality of issues in planning, for example to process planning applications or write planning papers.

Headline message

This is a high performing service which has some potential to develop traded services with other authorities, and could benefit from some investment to achieve even greater efficiency

Key facts

Service Area	Planning (excluding Major Works and Strategy)
2010-11 Employees (planning only)	56.72 (budget)
2010-11 Expenditure - Gross	£3,304,653
2010-11 Income	£1,587,160
2010-11 Expenditure – Net (Gross Exp – Income)	£1,717,493

Income Trend

Cost centre - 10038	Planning – Income				
	2009/10	2008/09	2007/08	2006/07	2005/06
Budget	-1,552,830	-1,938,930	-1,608,020	-1,564,275	-1,301,370
Actuals	-1,666,697	-1,909,076	-2,219,180	-1,431,322	-1,249,780
Variance	-113,867	29,853	-611,160	132,952	51,589
Internal Fees**	-53,453	-47,562			
External Fees	-1,613,243	-1,861,514			

*Internal fees are planning fees obtained from a different department within the Council, so instead of other services sending an invoice to pay for the fee, planning process a journal debiting their cost centre and crediting the planning cost centre with the money for the planning fee's obtained.

Pre-Application Income Figures			
2009/10	2008/09	2007/08	2006/07
£67,135	£81,693	£100,501	£87,090

Performance

Development Business Support Benchmark Comparison against Haringey, Enfield, Redbridge and Islington

Measure	Performance
Valid Planning Applications	The amount of valid planning applications has fallen in Barnet from 5166 in 2007 to 3973 in 2009. This represents a fall of 23%.
	3973 valid applications in 2009 is the highest number for that year and 31% higher than the mean average. Redbridge has the next highest amount of valid planning applications at 3095.
Timescale for applications to be validated and processed	Barnet validates applications within 3 working days which is the same as Enfield, but slower than the other authorities. Redbridge completes within 1 working day. Barnet then takes 3.5 days to further process the application. This is 0.5 days longer than the other authorities other than Redbridge which completes within 2 working days.

Pre-Application Service Income generated					
	Barnet	Enfield	Haringey	Islington	Redbridge
2006	£87,090				
2007	£100,501	£71,675		2007 onwards approx £100,000	2007 onwards approx £43,000
2008	£81,694	£55,695	£11,700		
2009	£67,136	£36,960	£22,450		
2010	£28,438 to date		£3,000 to date		

National Indicators						
Authority	NI 157a % Major developments determined within 13 weeks		NI 157b % Minor developments determined within 8 weeks		NI 157c % Other developments determined within 8 weeks	
	2008/9	2009/10	2008/9	2009/10	2008/9	2009/10
Barnet	89	85	80	90	88	93
Enfield	79	44	84	86	94	95
Haringey	78	67	81	76	89	87
Islington	82	63	85	81	88	91
Redbridge	77	68	75	69	90	87
Inner & Outer London Average	71	72	77	79	87	89

Barnet in all cases exceeds the London average for developments determined. Performance for Barnet sits between 80% and 90% across in both financial years.

Customer Satisfaction Levels			
	2003/4	2005/6	2008/9
Satisfaction Level	54.5%	64%	60%
Respondents	614	636	904 (26% response rate)
Survey Detail	Basic	Basic	Detailed

Benchmarking Planning Services in London - Analysis undertaken by ValueAdding.com		
Authority	PS2 (Planning Application) Volumes	PS2 Broad Unit Cost
Barking & Dagenham	656	£625
Barnet	3616	£409
Hammersmith & Fulham	1777	£741
Havering	1826	£468
Lambeth	2073	£854
Newham	1146	£1,004
Sutton	1226	£733
Westminster	6225	£534

Barnet has a broad cost of £409 per planning application based on PS2 returns for 2009/10. This is the lowest cost for the group of London Councils benchmarked by ValueAdding.com Ltd. Staff report that there is not a very high degree of confidence in the absolute numbers in the benchmarking however as a comparative indicator it is likely to be reliable

References

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- ➔ BENCHMARKING_-_DM_TECH+_DM_stage_1V2_@_26-5-10.pdf
- ➔ Benchmarking PHR 0910.xls
- ➔ London Councils 11th March v0.3.pp

Land Charges

Overview

The Land Charges team receives search requests either by post or electronically via NLIS (at a slightly discounted rate). The team undertake full (legal, land and property) searches or lighter personal searches which became far more prominent with the introduction of Home Information Packs (HIPs) together with commercial firms offering HIPs searches.

Since the recession and the abandonment of HIPs the number of searches has dropped significantly for the team. Additionally, EU regulations are getting tighter on the cost of searches and income may reduce as a result. There is also pressure from the private sector to be able to access land data free of charge.

There is a mix of electronic and historical manual paper based information in Land Charges, not all information has been migrated onto back office systems. The team monitor their performance through 'turnaround time', from receipt of a search request to completion of the request.

Headline message

Tighter regulation and a changing market suggest that income is likely to continue to decline and focus should remain on maximising cost effectiveness.

Key facts

<i>Service Area</i>	<i>Land Charges</i>
2010-11 Employees	3FTE plus temporary business support role*
2010-11 Expenditure - Gross	£289,458
2010-11 Income	£1,132,610
2010-11 Expenditure – Net (Gross Exp – Income)	-£843,152

*Note establishment figure states 4FTE

cost centre - 10390	Land Charges - Income				
	2009/10	2008/09	2007/08	2006/07	2005/06
Revised Budget	-600,000.00	1,832,610.00	-2,254,120.00	2,199,137.50	-2,145,500.00
Actuals	-640,801.68	-844,172.00	-1,879,464.61	2,184,982.35	-1,976,510.63
Variance	-40,801.68	988,438.00	374,655.39	14,155.15	168,989.37

Fees and Charges Information	
Benchmark comparison against Camden, Brent, Enfield and City of Westminster – 2010	
Full Search	Barnet charges £170. This is the second highest after Westminster at £200.
LLC1 Charges	Barnet charges are the highest in the peer group (£47.50 online and £52.50 postal). Enfield and Brent charge the lowest at £25.00 for the search.
Con 29 part 1	Barnet charges £112.50 (online) and £117.50 (postal). Brent charges the highest at £175. Enfield (residential) is the lowest at £75
In a comparison of 29 London authorities in 2009, Barnet had the 6th lowest full search fee at £165. Fees range from Lewisham at £65 to Lambeth at £275. The mean average fee was £190.	

Turnaround Time (processing the search enquiry)	
Benchmark comparison against Camden, Brent, Enfield and City of Westminster - 2010	
Working Days 2010	Camden takes the longest amount of time at 10 days. Enfield has the fastest time of 1 day. Barnet matches City of Westminster at between 3 and 4 days.

Performance
Total number of searches submitted between 01/04/2008 and 31/03/2009 = 5393
Total number of searches submitted between 01/04/2009 and 31/03/2010 = 8226

CIPFA Expenditure Benchmarking	
Estimated Expenditure & Income 2008/09	£'Head
Service Expenditure (Outturn Prices), Excluding Capital Charges	
Central Services – Local Land Charges	
Barnet	-1.92
Bromley	-1.77
Haringey	-1.5
Ealing	-1.41
Richmond upon Thames	-1.39
Hounslow	-1.22
Havering	-0.84
Redbridge	-0.63
Waltham Forest	-0.35
Barking and Dagenham	-0.31
Kingston upon Thames	-0.21
Croydon	-0.19
Hillingdon	-0.15
Bexley	-0.04
Harrow	0.11
Newham	0.12
Enfield	0.18
Brent	0.45
Sutton	0.53
Merton	1.32
Outer London Borough Group Average	-0.46

2008/9 Barnet has the lowest cost per head in comparison to all Outer London Authorities.

References

- ➔ FTE figure from Head of Planning & Development
- ➔ 2010-11 Budgets and Recharge Information.xls
- ➔ 2010-11 Budgets and Recharge Information.xls
- ➔ 2010-11 Budgets and Recharge Information.xls
- ➔ development and Public Health Project – Planning & Land Charges.xls
- ➔ LC Fee Borough Comparison and Turnaround time June 2010.xls
- ➔ local-land-charges-fees.pdf
- ➔ PHR – LC Fee Borough Comparison jan 2009.xls
- ➔ PHR – LC CRC land charges 2009-10 proposed.xls
- ➔ Image004.gif (scanned extract graph from land charges IT system)
- ➔ Searches by casetype_2008_9.pdf
- ➔ Searches by casetype_2009-10.pdf
- ➔ cipfastats.net

Environmental Health

Overview

Environmental Health is a highly regulated service, and fulfils a number of statutory requirements for Barnet Council. It has had a lot of cost taken out of it over the last few years, and not been invested in recently. The Head of Housing and Environmental Health believes that the infrastructure costs for the Council are high and these impact on the service cost.

Environmental Health was keen on enhancing its preventative efforts in public health by joining up more with the PCT. The PCT has, until recently, not been interested in this approach, but the Public Health White Paper has set out how PCT responsibilities for local health improvement will transfer to local authorities, who will employ the Director of Public Health jointly appointed with the Public Health Service.

The Environmental Health Service is split into two, Commercial and Residential. A number of inspections are required per year for both. The Residential side of Environmental Health encompasses the functions of private sector housing (health and safety, social care and the CPO programme), public health and nuisance (noise, drainage, smoke and odours, and pest control). Additionally the service includes surveying and DFG Grant applications, bedsit licenses, scientific services, Home Office inspections and consultants to the Planning service. Within Environmental Health – Residential pest control is a commercial operation, with an income forecast of £126K for 2010/11 and is required to make £30K profit.

The Commercial Service side of Environmental Health covers the following functions: Food Safety and Health & Safety. Food safety includes routine inspections of premises, infectious diseases prevention and classification of food premises, food standards & nutrition (although this is not resourced). Health & Safety covers both food and non-food and is a reactive service investigating incidents and a licensing function (e.g. nail bars). Staff interviewed felt that the Commercial Service is not given enough prioritisation in the Council and this is reflected in both the budget and resources.

The East London Shared Service initiative's Environmental Health project was reviewed however this was at a very early stage. There appeared to be some, albeit limited, benefits to be gained from shared services within Environmental Health.

Headline message

A regulated service which could benefit from some increased freedom to trade

Key facts

Service Area	Environmental Health
2010-11 Employees	66.64FTE (budget)
2010-11 Expenditure - Gross	£3,750,167
2010-11 Income	£1,884,416
2010-11 Expenditure – Net (Gross Exp – Income)	£1,865,751

Income Trend

Cost centre - Various	Environmental Health - Income			
	2009/10	2008/09	2007/08	2006/07
Budget	-214,580	-227,170	-181,650	-184,650
Actuals	-246,182	-215,229	-200,942	-104,338
Variance	-31,602	11,940	-19,292	80,311

Performance	Environmental Health Commercial	
Baseline Review of 2010 spend, performance and value for money		
Food Safety	2006/7 ALEHM Benchmark	4 th Lowest hourly cost of Service across 20 London LA's
	NI 184 % Food Establishments in the area which are broadly compliant with food hygiene law 2008/9	LB Barnet 77% London Borough Average 74%
Health & Safety	NI 182 % Satisfaction of business with local authority regulatory services (trading standards, environmental health and licensing) 2008/9	LB Barnet 70% London Borough Average 73%

Food Safety costs are identified as low in the 2006/7 performance information above, The CIPFA 2009/10 information below bears this out as Barnet is still lower in terms of expenditure per head than the Outer London Borough Average. Establishments that are broadly compliant with food hygiene law sits above the London Borough Average.

CIPFA

2009/10 Service Expenditure (Outturn prices), Excluding Capital Charges: Environmental and Regulatory Services - Environmental Health - Food Safety	£'Head	£'000
Barking and Dagenham	1.44	240
Bexley	1.48	329
Bromley	1.5	451
Harrow	1.55	332
Redbridge	1.64	417
Ealing	1.7	519
Barnet	1.74	573
Waltham Forest	1.83	406
Sutton	2.04	379
Richmond upon Thames	2.05	369
Merton	2.07	412
Newham	2.2	548
Brent	2.43	656
Kingston upon Thames	2.65	418
Hillingdon	3.08	773
Havering	3.11	710
Hounslow	3.17	699
Enfield	3.47	990
Haringey	4.17	937
Outer London Borough Average	2.17	508

2009/10 Service Expenditure (Outturn prices), Excluding Capital Charges: Environmental and Regulatory Services - Environmental Health - Health and Safety at Work	£'Head	£'000
Sutton	0.27	51
Barking and Dagenham	0.62	104
Merton	0.78	155
Bromley	0.87	261
Enfield	0.88	251
Waltham Forest	0.95	211
Ealing	1	304
Newham	1.08	269
Kingston upon Thames	1.15	181
Redbridge	1.21	307
Bexley	1.28	284
Harrow	1.28	274
Hounslow	1.36	300
Richmond upon Thames	1.37	246
Barnet	1.45	479
Havering	1.58	360
Brent	2.04	550
Outer London Borough Average	0.96	229

Comment: Barnet sits at the higher end of the scale for £'Head of population and above the Outer London Borough average.

2009/10 Service Expenditure (Outturn prices), Excluding Capital Charges: Environmental and Regulatory Services - Environmental Health - Housing Standards		
	£'Head	£'000
Bexley	0.57	126
Merton	0.85	170
Bromley	1.06	320
Harrow	1.33	286
Ealing	1.83	560
Waltham Forest	1.86	413
Havering	2.06	471
Barking and Dagenham	2.16	360
Enfield	2.27	646
Kingston upon Thames	2.85	450
Barnet	2.96	977
Haringey	4.84	1,088
Outer London Borough Average	1.23	293

2009/10 Service Expenditure (Outturn prices), Excluding Capital Charges: Environmental and Regulatory Services - Environmental Health - Pest Control	£'Head	£'000
Barnet	-0.04	-13
Haringey	0.13	29
Bromley	0.16	47
Havering	0.26	59
Sutton	0.4	74
Merton	0.46	92
Hillingdon	0.58	146
Barking and Dagenham	0.63	105
Ealing	0.86	263
Waltham Forest	0.86	191
Redbridge	0.88	223
Kingston upon Thames	0.99	156
Brent	1.03	277
Enfield	1.21	345
Hounslow	1.26	279
Newham	1.57	393
Harrow	2.24	480
Outer London Borough Average	0.67	157

Barnet with its commercial Pest Control operation is the only authority to make income.

2009/10 Service Expenditure (Outturn prices), Excluding Capital Charges: Environmental and Regulatory Services - Environmental Health - Public Health	£'Head	£'000
Barking and Dagenham	-1.18	-197
Havering	0.21	47
Sutton	0.3	55
Hillingdon	0.35	88
Haringey	0.42	94
Bexley	0.5	112
Kingston upon Thames	0.53	84
Redbridge	0.87	222
Barnet	1.32	435
Hounslow	1.38	305
Bromley	1.87	561
Enfield	2.55	728
Harrow	2.6	557
Merton	2.66	530
Waltham Forest	2.69	598
Brent	3.36	907
Richmond upon Thames	4.86	875
Croydon	6.23	2,116
Newham	6.34	1,582
Outer London Borough Average	1.89	485

References

- ➔ VfM2009/10 budget analysis template v2 Environmental Services Residential.xls
- ➔ 2010-11 Budgets and Recharge Information.xls
- ➔ 2010-11 Budgets and Recharge Information.xls
- ➔ 2010-11 Budgets and Recharge Information.xls
- ➔ development and Public Health Project – Environmental Health.xls
- ➔ VfM2009/10 budget analysis template v2 Environmental Services Commercial.xls
- ➔ cipfastats.net

Trading Standards & Licensing

Overview

The Trading Standards team consists of a Trading Standards and Enforcement Manager and two Trading Standards Enforcement Officers – this may be the smallest team in London. Due to the low numbers of resource, Trading Standards have to prioritise cases that arise and actively signpost cases to other regional bodies. In support are the Safer Communities Team resources. Barnet's Trading Standards team only address what are judged to be criminal rather than civil prosecution cases. Inspections are limited and tend to focus on cases judged to be high risk. As a result of the above, preventative activity is almost non-existent.

Licensing consists of one Trading Standards and Licensing Officer and one Licensing Officer, but they are supported from the Environment team and others (e.g. anti-social behaviour officers). Income is obtained through the issuing of licences. Licenses fall under the following categories: Licensing Act 2003 (premises), Gambling Act 2005 (machines & lotteries), Street Trading (temporary or permanent) and Trading Standards Licenses (poisons, fireworks and limited others).

It should be noted that if this were to become a stand-alone / external service, the current fluid resourcing benefits in place with wider Community and Environment teams may cease.

Headline message

A limited service level with few opportunities for further income generation.

Key facts

Service Area	Trading Standards & Licensing
2010-11 Employees	5 FTE
	(12FTE in budget data)
2010-11 Expenditure - Gross	£549,172
2010-11 Income	£337,850
2010-11 Expenditure – Net (Gross Exp – Income)	£211,322

Income Trend

Trading Standards & Licensing	2005-6	2006-7	2007-8	2008-9	2009-10
Income Description	Actuals	Actuals	Actuals	Actuals	Actuals
Government Grants	(10,055)	(6,886)	(26,490)	0	0
Court Costs Awarded	(265)	(602)	(1,410)	30	0
General Sales	(8,503)	(735)	(7,780)	(98,466)	940
Catering Sales - Schools	(47)	0	0	0	0
Fees and Charges	(7,066)	(11,592)	(5,801)	(4,785)	(1,812)
Permits and Licences	(9,974)	(7,848)	(10,906)	(193,630)	(304,782)
Lettings	(1,249)	0	0	0	0
Credit and Debit Card Contra	(677)	0	0	0	0
Total	(37,838)	(27,665)	(52,388)	(296,851)	(305,654)

CIPFA

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2009/10 Service Expenditure (Outturn prices), Excluding Capital Charges: Environmental and Regulatory Services - Trading Standards	£'Head	£'000
Ealing	1.01	309
Hillingdon	2.21	554
Barnet	2.22	732
Bexley	2.44	542
Merton	2.46	491
Redbridge	2.57	655
Newham	2.62	655
Bromley	2.94	885

Croydon	2.97	1'008
Enfield	3.33	950
Waltham Forest	3.47	772
Richmond upon Thames	3.49	628
Haringey	3.5	787
Brent	3.74	1'011
Kingston upon Thames	3.75	592
Sutton	3.84	713
Hounslow	4.32	954
Harrow	4.54	974
Havering	4.69	1072
Barking and Dagenham	10.78	1'799
Outer London Group Average	3.55	804

Trading Standards - Barnet ranks third in terms of lowest £'Head. Furthermore, Barnet is ranked in the Median (11 out of 20) Outer London Authorities for expenditure.

2009/10 Service Expenditure (Outturn prices), Excluding Capital Charges: Environmental and Regulatory Services - Licensing	£'Head	£'000
Barnet	-0.27	-90
Kingston upon Thames	-0.06	-9
Haringey	0.29	65
Harrow	0.36	78
Sutton	0.39	72
Waltham Forest	0.47	105
Croydon	0.52	176
Hillingdon	0.53	133

2009/10 Service Expenditure (Outturn prices), Excluding Capital Charges: Environmental and Regulatory Services - Licensing	£'Head	£'000
Merton	0.53	105
Hounslow	0.71	157
Bromley	0.72	217
Havering	0.72	164
Enfield	0.9	258
Ealing	1.23	377
Bexley	1.41	313
Newham	1.51	376
Brent	1.58	426
Redbridge	1.67	424
Richmond upon Thames	1.74	314
Barking and Dagenham	2.13	356
Outer London Group Average	0.85	201

Licensing - Barnet is within the lower quartile (20 out of 20) for expenditure and expenditure per head of population.

References

- ➔ Tupe Schedule 12 5 10 with Vacant posts.xls
- ➔ 2010-11 Budgets and Recharge Information.xls
- ➔ 2010-11 Budgets and Recharge Information.xls
- ➔ 2010-11 Budgets and Recharge Information.xls
- ➔ 2010-11 Budgets and Recharge Information.xls
- ➔ Development and Public Health Project – Accounting for Planning Income.xls
- ➔ cipfastats.net
- ➔ cipfastats.net

Registrations

Overview

The Barnet Registration District has recently undergone a staffing restructure which has resulted in significant changes at all levels. At an operational level, the service is lead by a Head of Service - this is a joint post with Brent, with a view to efficiency and modernising service delivery.

Barnet Registration District has been rated by the GRO Delivery Partnership Unit as having a 'B' rating in statutory and technical standards and a 'B' rating in customer and business focus leading to an overall assessment of 'Good' in 2010. Within this though, the district falls short of the national standards for timelines of birth and death registrations and there is a need to improve the timeliness of certification and submission of marriage returns.

Service improvement areas identified include maximising income generation through efficient utilisation of staff resource and electronic appointments and exploring the possibility of web streaming wedding / citizenship ceremonies in order to generate additional revenue. There is also a need to modernise the wedding facilities / venues, if income potential is to be maximised.

Headline message

A service which has undergone recent change in order to increase efficiencies but has still greater efficiency and income potential, particularly if investment were available.

Key facts

Service Area	Registration (Births Deaths & Marriages)
2010-11 Employees	11FTE
2010-11 Expenditure - Gross	£571,073
2010-11 Income	£549,370
2010-11 Expenditure – Net (Gross Exp – Income)	£21,703

Income Trend

	2009/10	2008/09	2007/08	2006/07
Budget	-549,370	-535,970	-522,900	-522,896
Actuals	-598,583	-474,546	-623,663	-533,376
Variance	-49,213	61,423	-100,763	-10,479

Key Performance Indicators

Key Indicators	Monitoring Mechanisms in Place	Standard Attained	Target	Performance Rating
<p>1. Events Registered within statutory timeframe</p> <p>i). 98% Births registered within 42 days</p> <p>ii) 98% of Still-births registered within 42 days</p> <p>iii) 95% of Deaths registered within 5 days</p>	Yes	<p>96%*</p> <p>100%</p> <p>88%**</p>	<p>98%</p> <p>95%</p>	<p>Not met</p> <p>Met</p> <p>Not met</p>
<p>2i). Average waiting times for registration and notice taking</p> <p>95% of customers to be able to obtain an appointment for business as follows:</p> <ul style="list-style-type: none"> • Births / declaration – 3 working days • Deaths / still births/ declaration – 2 working days • Marriage / CP notice 5 working days <p>2 ii) 90% of customers for birth, still-birth and death registration / declaration and marriage / civil partnership notice seen within 10 minutes of appointment time.</p>	<p>Yes</p> <p>Electronic diary system in place though extract data not yet available</p> <p>Yes</p> <p>Electronic diary system in place though extract data not yet available</p>	<p>N/K</p> <p>N/K</p> <p>N/K</p> <p>N/K</p>		<p>Met (based on observations during review)</p> <p>Met (based on observations during review)</p>
<p>3. Certificate applications</p> <p>95% of applications dealt with within 5 days of receipt</p>	<p>Yes</p> <p>Though new system requires enhancing</p>	N/K		Met (based on observations during review)

Key Indicators	Monitoring Mechanisms in Place	Standard Attained	Target	Performance Rating
4. 90% of customers satisfied (evidenced from response to customer satisfaction surveys and actual number of returned forms)	Yes Service manager unaware of any received	None Undertaken		Not met***
5. Total number of formal complaints received (less than 0.5% as a % of all registrations)	Yes Service Manager unaware of any received	Fully Met No Complaints		Met

*A fall from 97% in 2008/09

**88% is the same as the 2008/09 figure

***No service wide surveys of customer satisfaction have taken place

Good Practice Guide Summary Table – Statutory Standards

Category	Number of Standards	Compliant	Non-Compliant	Compliant %
Birth and Death activity	11	6	5	55
Marriage and Civil Partnership activity	7	5	2	71
Records, returns and certificates	7	6	1	86
Citizenship activity	3	3	0	100
Overall	28	20	8	71

The table above records performance against the non-statutory standards – the “Good Practice Guide”. The Service Delivery Review notes that Barnet is achieving 71% of the statutory standards within the guide. It is relevant to note that 7 out of the 11 staff are regarded as new to the registration service in Barnet.

For Marriage & Civil Partnership and Birth & Death Activity a number of standards (procedures to be followed within defined timescales) are not being met. Additionally, it is noted that those procedures that are compliant could be improved with a more robust audit trail procedure.

Good Practice Guide Summary Table – Customer & Business Focus

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Category	Number of Standards	Fully Attained	Mostly Attained	Partly Attained	Not Attained
Customer Service	7	0	1	5	1
Business Continuity & Resources	2	0	1	1	0
Leadership	6	0	4	2	0
Training & Development	7	1	3	3	0
Overall	22	1	9	11	1

The Service Delivery Review found good customer service, but that contacting the Council could be difficult and that there was little customer engagement. For the service itself, a service improvement plan is being developed including a customer survey which reflects the re-structuring effort that has taken place. There is also reference to a further review that may take place to understand whether there is enough resource to meet business demand.

References

- ➔ Service Delivery Review, Local Government Delivery Partnership Unit GRO May 2010 p. 3
- ➔ Barnet Registration and Nationality Service Plan 2010/11
- ➔ 2010-11 Budgets and Recharge Information.xls
- ➔ 2010-11 Budgets and Recharge Information.xls
- ➔ 2010-11 Budgets and Recharge Information.xls
- ➔ 2010-11 Budgets and Recharge Information.xls
- ➔ Registrars Analysis.xls
- ➔ Service Delivery Review, Local Government Delivery Partnership Unit GRO May 2010 p. 5
- ➔ Service Delivery Review, Local Government Delivery Partnership Unit GRO May 2010 p. 8
- ➔ Service Delivery Review, Local Government Delivery Partnership Unit GRO May 2010 p. 11

Cemeteries & Crematoria (including Mortuary Services)

Overview

Cemetery & Crematoria

Hendon Cemetery and Crematoria handles approximately 1,400 funerals per annum, of which 1,000 are cremations. The service provides a significant net contribution to the Council's revenue position, helped recently by the additional provision of weekend services and services for the Hindu community, giving a direct positive correlation between business and equality objectives.

The Council has identified that if it continues to manage and run the service in-house, it will need to make a large investment in HCC site assets (costs of which are estimated to be in the region of £1.5m to £2m) in order to make them fit-for-purpose and meet legislative mercury abatement requirements. Therefore the Council has independently considered the future of HCC with a view to retaining a significant financial return for the Council whilst reducing the risks on income and cost.

An options appraisal was commissioned in 2008 which proposed that the Council enter into a partnership or contract for external investment in and operation of the crematorium and cemetery. The consultants who carried out the options appraisal for the Council have spoken with three private contractors to discuss their interest in the Hendon Cemetery and Crematorium.

Under this option, the Council would let a contract for the operation of the cemetery and crematorium.

Despite Cabinet approval being secured earlier this year, this has not progressed, and a recent soft-market testing exercise has resulted in a number of potential options emerging.

Mortuary

The Mortuary Service is a distinct Service from Cemeteries and Crematoria, but at Barnet Council the Mortuary Service is grouped with the Cems and Crems Services organisationally.

There is a legal duty to provide a Mortuary Service and it comes under the jurisdiction of the Coroner's Service. Any proposed amendments to the current operating model would therefore need to be discussed with the Coroner. Barnet is one of five London Boroughs, (the others being Haringey, Enfield, Brent and Harrow) to provide this service and it is administered at Haringey. Each of the London boroughs pays for a proportion of the service and Barnet, Haringey and Brent have a mortuary within their Boroughs (Norfolk Park, East Finchley and Tottenham).

The Mortuary Service is not an income generating service and cost £154k in 2009/10.

There are 2 FTE's at Barnet's mortuary. The Mortuary Service in Barnet has two flats as assets (one an office and one leased to a staff member).

The mortuary in Barnet undertakes approximately 500 post mortems per annum and 26% of deaths registered in Barnet are registered through Barnet's mortuary (although deaths may have occurred

outside of the borough. It is regulated by the Human Tissue Authority and the licence has to be bought by the Council at a cost of £8,000 per annum.

One option for this service, as highlighted by the Environmental Health Commercial Manager is to move the mortuary to within the grounds of Barnet Hospital for joint operation with the hospital. Additionally there could be a shared services management model for Mortuary Services between Barnet and Haringey.

Headline message

The service generates significant income but could benefit from increased investment to fulfil commercial potential.

Key facts

Service Area	Cemetery and Crematoria
2010-11 Employees	11.16 FTE (budget)
2010-11 Expenditure - Gross	£757,101
2010-11 Income	£1,294,210
2010-11 Expenditure – Net (Gross Exp – Income)	£537,109

Income Trend

5

cost centre - 10661(Hendon Cem) and 10818 (Hendon Crem)		Cemetery and Crematorium - Income			
	2009/10	2008/09	2007/08	2006/07	2005/06
Budget	-1,274,210.00	-1,145,570.00	-1,046,260.00	-995,562.52	-922,500.00
Actuals	-1,331,190.00	-1,190,869.42	-1,234,689.57	-	-966,513.00
Variance	-56,980.00	-45,299.42	-188,429.57	-137,521.12	-44,013.00

2009/10 Service Expenditure (Outturn prices), Excluding Capital Charges: Environmental and Regulatory Services - Cemetery, Cremation, & Mortuary Services	£'Head	£'000
Havering	-3.59	-821
Haringey	-1.64	-368
Barnet	-1.04	-342
Hillingdon	-0.41	-104
Redbridge	0.11	29
Merton	0.59	118
Newham	0.81	202
Hounslow	0.82	180
Enfield	0.96	275
Sutton	1	185
Harrow	1.05	225
Ealing	1.21	370
Barking and Dagenham	1.33	222
Brent	1.4	377
Bromley	1.58	476
Croydon	1.69	575
Kingston upon Thames	2.34	369
Bexley	2.64	586
Richmond upon Thames	2.79	502
Waltham Forest	2.87	638
Outer London Average	0.83	185

Barnet ranks third in terms of lowest expenditure and £'Head. Furthermore, Barnet is ranked in the lower quartile (18 out of 20) Outer London Authorities for expenditure.

References

- ➡ 2010-11 Budgets and Recharge Information.xls
- ➡ 2010-11 Budgets and Recharge Information.xls
- ➡ 2010-11 Budgets and Recharge Information.xls
- ➡ 2010-11 Budgets and Recharge Information.xls
- ➡ development and Public Health Project - BC and Cem and Crem.xls
- ➡ cipfastats.net
- ➡ 2010-11 Budgets and Recharge Information.xls

Appendix C: List of documents reviewed

Document Name	Description
application count. 09-10Graphxls.	Count of Applications received between 01/04/2009 and 31/03/2010
Barnet Transact Interim Report (Final).doc	Initial bundling of the Environmental Development & Regulatory Services and some of the rationale
Barnet - Local Housing Companies Lessons Learned.doc	Joint Venture with the private sector pro's and con's. Homes and Communities Agency Advisory note HCA advisory note to LB Barnet: JVs and PPPs
2010-11 Budgets and Recharge Information	Planning Major Projects Land Charges Building Control Street Naming Environmental Health Trading Standards & Licensing Registrations Cems & Crems
Future Shape Mtg-SGM-PW 18.5.10.doc	Objectives For Future Shape - Staff feedback - Environmental Health and Building Control Workshop - SLT Includes: BC EH Planning & Enforcement
LABV Cabinet Report 23Feb 2010.pdf	The potential for a public private sector joint venture company backed by the Council and property assets (a Local Asset Backed Vehicle or LABV) to deliver efficiency savings; an income stream to the Council; enhancement of asset values; and to drive economic growth and regeneration.)
Planning, Housing and Regeneration Business Plan 2010-2011 draft 4a.doc	Planning Housing and Regeneration Business Plan 2010-11 Contains budget overview, plans and some performance indicators and some issues to address
Corporate Business Plan.ppt	Overview of PH&R - slide 14 has some high level performance targets
PHR - BC Schedule1-09- 15%.pdf	Buildings plans applications charges and building notice charges. New houses and flats
PHR - BC Schedule2-09-15%.pdf	Buildings plans applications charges and building notice charges. Extensions and loft conversions
PHR - BC Schedule 3-09-15%.pdf	Buildings plans applications charges and building notice charges. Other building works
PHR - LC Borough Comparison jan 2009	London borough Land Charges LLC1 and CON29 comparison. Does not include Barnet - figures elsewhere
PHR - BC Fees Charges CRC 2009-10v2 3.xls	Building Control Charges comparison with adjacent London Boroughs. 2009 Charges and proposed 2010
PHR-BC schedule 4.xls	Planning, Env Protection Building Control Sundry

PHR Fees Charges CRC 2010v2 1.xls	PHR - includes planning, EH-Comm, EH-Res, Cems & Crems, BC, Housing, Land Charges. 2010 charges and % increase
PHR - BC Fees over 100,000.00.xls	As filename
PHR - LC CRC land charges 2009-10 proposed.xls	2009 and 2010 and % difference
PHR Fees Charges CRC 2009-10 V3 Final.xls	2009 and 2010 and % difference
PHR Fees Schedule.pdf	Approval of Fees for PHR
ALEHM Collated Data Final.xls	Baseline Assessment for Food Safety and Standards 2006/7 Barnet comparison against other London Boroughs Some FTE and associated cost data
Collated ALEHM Date 2008.xls	Baseline Assessment for Health & Safety 2008/9 Barnet comparison against other London Boroughs Some FTE and associated cost data
Proposals for the future of Hendon Cems & Crem.pdf	Cabinet Resources Committee
LBB Hendon Cemetery Crematorium Dec 08.doc	Option Appraisal
total notices since 01-04-07(overview).pdf	All notices - housing, food, public health , food hygiene etc
total hs inspections since 01-04-07(overview).pdf	housing complaint & housing inspection
total licences since 01-04-07(overview).pdf	animal, housing, h&s licences
total cases month by month breakdown(overview).pdf	Decent Homes Standard Assessment FH Food Hygiene FS Food Standards HS Health and Safety HSN Health & Safety (2010 Scheme)
total cases since 01-04-07(overview).pdf	Complaints & inspections
total inspections since 01-04-07(overview).pdf	Food Hygiene Food Standards Housing Complaint H&S Inspection Contaminated Land
total notice month by month breakdown(overview).pdf	Notices issued
total grant cases month by month breakdown(overview).pdf	DFG - Disabled Facilities Grant EFG - Empty Property Grant
total grant cases 01-04-07(overview).pdf	DFG - Disabled Facilities Grant EFG - Empty Property Grant Minor repairs
PHR Fees Charges CRC 2009-10 V3 Final.xls	2009 and 2010 and % difference
Structure PHR 10.xls	PHR Organisation
corporate-management-structure-feb2010.pdf	PHR Directors
North London mini benchmarking.xls	LDSA Establishment Survey Includes income
App.06 - 2010.xls	Building Regulations Application Count
barnet data request.xls	Outturn budget data
Food Safety Inspections due 2010-11.doc	Food Safety Inspections for 2010/11 Includes overdue inspections from 2009/10

FS Plan Executive Summary 2006-7(Final 14-12-06).doc	Food Safety Plan Highlights shortage of one resource
Health & Safety Inspections Due 2010-11.doc	H&S Inspections for 20010/11 Includes overdue inspections from 2009/10
FS Cabinet Report FSA Service Plan 2006-7 (Final 14-12-06).doc	Food Law Enforcement 2006/7
Food Law Enforcement Service Plan 2006-7 (Revised 16-1-07).doc	
Intervention plan Barnet 2010.doc	H&S Intervention Plan 2010/2011
Food Service Costs.doc	Food Safety Inspection Costs
Food Safety Service - Google Benchmark.doc	Budget per Food Premises
CIPFA EH Stats 06-07.pdf	2006/7 Barnet versus selected comparators
Pre-application income figures2006 to 2010.doc	2006-7 2007-8 2008-9 2009-10 2010-to date
Annual performance 1.4.07 to 31.3.08.xls	Performance - time taken from application to decision Small Med Large Dwellings
Applications Registered by Type 2007 to 2010.rtf	Number of planning applications registered by Type 1 April 2007 to 31 March 2008
Decisions by type 1.4.07 to 31.3.08.xls	Performance - time taken from application to decision Small Med Large Dwellings
Decisions by type 1.4.08 to 31.3.09.xls	Performance - time taken from application to decision Small Med Large Dwellings
Decisions by type 1.4.09 to 31.3.10.xls	Performance - time taken from application to decision Small Med Large Dwellings
Fee Income to 01.04.07 to 31.03.08.xls	PLANNING INCOME - RECONCILIATION 2007/08
Fee Income to 01.04.08 to 31.03.09.xls	PLANNING INCOME - RECONCILIATION 2008/09
Fee Income to 01.04.09 to 31.03.10.xls	PLANNING INCOME - RECONCILIATION 2009/10
Major applications determined by Major Team 2007 to 2010.doc	Major applications received and determined by Major Projects 2007/8 2008/9 2009/10 2010 to date
average days to vet applications.xls	July 2008 to June 2010
Annual number of enforcement complaints received since 2007 by year.doc	2007/8 2008/9 2009/10
Annual planning statistics for 2008-09.doc	Planning Stats - Overall and Team Performance 1 April 2008 to 31 March 2009

Annual planning statistics for 2009-10.doc	Planning Stats - Overall and Team Performance 1 April 2009 to 31 March 2010
Number of visitors to planning reception in 2009 and 2010.doc	7502 visitors
LLC Fee Income to 01.04.07 to 31.03.08.xls	Includes weekly income comparison of 2006/7 and 2007/8
LLC Fee Income to 01.04.08 to 31.03.09.xls	Includes weekly income comparison of 2006/7,2007/8 and 2008/9
image003.gif	Scanned chart - number of searches undertaken by staff per week Jan to June 2010 Drop in personal searches as HIPs abolished
image004.gif	Scanned chart - number of searches undertaken by staff per week including turnaround time Jan to June 2010
image005.gif	Combination of image 003 and 004
searches by casetype_2010_apr-jun.pdf	Local Land Charges Searches submitted between 01/04/2010 and 30/06/2010 NB: Income information is inaccurate before Apr 2010, due to data entry errors.
searches by casetype_2009_10.pdf	Local Land Charges Searches submitted between 01/04/2009 and 31/03/2010 NB: Income information is inaccurate before Apr 2010, due to data entry errors.
searches by casetype_2008_9.pdf	Local Land Charges Searches submitted between 01/04/2008 and 31/03/2009
LC Fee Borough Comparison jan 2009.xls	Comparison of Fees with other London Boroughs Note Turnaround Times are Barnet set - no national requirement
land-charge-fee-apr09.pdf	Fees
LC Fee Borough Comparison and Turnaround time June 2010.xls	Comparison against 3 other boroughs
local-land-charges-fees.pdf	Fees
Equal Opps data.xls	Organisation Staff
TUPE Schedule with Vacant posts.xls	Organisation Staff Plus Salaries
PHR Services Budget 2010-11 Baseline.xl.xls	Budget
PHR Budget Savings 2011-12.xls	Draft Savings Summary
Cemeteries Statistics 2009-10 - Questionnaire-Final.xls	CIPFA Questionnaire return
Homelessness 2009...FINAL.XLS	CIPFA Questionnaire return
BENCHMARKING_-_DM_TECH_+DM_stage_1_V2_@_26-5-10.pdf	Benchmarking Document – Draft results @ 25-05-2010 Planning - Development Management Technical Support Teams
Development and Public Health Project - Accounting for Planning Income Data.xls	Trading Standards Income over the last 5 years
CIPFA 2007-8 Exp Empl by Popn.pdf	comparative 2007-8 data (Barnet did not submit 2008-9 data)
CIPFA 2007-8 Total Gross Exp by Popn.pdf	comparative 2007-8 data (Barnet did not submit 2008-9 data)
CIPFA 2007-8 Total Income by Popn.pdf	comparative 2007-8 data (Barnet did not submit 2008-9 data)
CIPFA 2007-8 Total Net Exp by Popn.pdf	comparative 2007-8 data (Barnet did not submit 2008-9 data)

CIPFA 2007-8 Food Safety Exp by No Outlets.pdf	comparative 2007-8 data (Barnet did not submit 2008-9 data)
CIPFA 2007-8 Food Safety Exp by No Insp.pdf	comparative 2007-8 data (Barnet did not submit 2008-9 data)
development and Public Health Project - Planning and Land Charges.xls	Planning & Land Charges Income over the last 5 years
development and Public Health Project - Housing.xls	Housing Income over the last 2 years
development and Public Health Project - Environmental Health.xls	Environmental Management over the last 4 years
development and Public Health Project - BC and Cem and Crem.xls	BC and Cems and Crems over the last 5 years
Local Authority Health & Safety Return 2008-9.pdf	LA return to HSE. Number of inspections undertaken 2008/9
1. LAE1_Return_2009-10 LBB(2).doc	LA return to HSE. Number of inspections undertaken 2009/10
Admin Processes.xls	Key tasks - time and resource estimate 2009/10 & 2010/11
Licensing Processes-DCB.xls	Key tasks - time and resource estimate and responsibilities
Trading Standards and Licensing Team Processes 2009-2010.doc	Visual of key process task and transaction count
Trading Standards and Licensing Team Processes 2010-2011.doc	Visual of key process task and transaction count
Benchmarking PHR 0809 0910.xls	NI scores 2008/9 and 2010/11 - May be useful to reference as a wider performance benchmark
PHR CR.xls	Procurement contract information
Book1.xls	Procurement contract information - Transport & Highways - Not Applicable
London Councils 11th March v0.3ppt	Value Adding. Benchmarking of London Councils
Benchmarking Commentary.doc	Council data to feed into London Benchmarking
Benchmarking Graphs.pdf	Graphical data to feed into London Benchmarking
Planning Data Future Shape.doc	Planning Data 1 April 2007 to 31 March 2010 Includes income / performance and volumetrics
Telephone Stats Monthly Monitor.xls	Planning Dept - Phone call stats (received, answered etc)
TS & L CIPFA Regulatory Services Questionnaire 2009-10.xls	CIPFA Questionnaire stats (submitted to CIPFA 2010) TS & Licensing
2009-2010.xls	Trading Standards Local Authority Return to the Gambling Commission
DCMS 2009-2010.xls	009/10 Alcohol, Entertainment and Late Night Refreshment licensing questionnaire - London Borough of Barnet
VfM2009-10 budget analysis template v2 Environmental Services Commercial.xls	CPI & NI Data (some CIPFA comparison)
VfM2009-10 budget analysis template v2 Environmental Services Residential.xls	CPI & NI Data (some CIPFA comparison)
VfM2009-10 budget analysis template v2 Housing.xls	CPI & NI Data (some CIPFA comparison)
VfM2009-10 budget analysis template v2 Planning, Strategy, Regeneration, BC, LC.xls	CPI & NI Data (some CIPFA comparison)
EH - Residential Volumetrics (email)	EH-R volumetrics
LAEMS 2008-9.xls	Scientific Services Work Volumes
GNKwRA.pdf	Service delivery review (incl. some KPIs)
GNLbYG.pdf	Service delivery plan
GNNMSB.pdf	Service delivery review (incl. some KPIs) continued...

Appendix D: Soft Market Testing questionnaire

Instruction

1. Please keep your response within 5,000 words in total (excluding diagrams) and relevant to the service cluster
2. Please follow the timescales and return instructions specified in the covering letter

A. Please provide LBB with the name of your organisation and a primary contact.

Organisation Name: _____

Name:			
Job title:			
Phone:		Mobile:	
e-mail:			

B. Please provide LBB with some information about you and your organisation. We may use this information to contact you with any follow up questions.

Please keep your response brief and to point.

C. Can you outline your organisations experience in delivering the proposed services for other organisations? Please make it clear if you do not have experience of delivering any of the services proposed.

Please keep your response brief and to point.

- D. In your opinion, what will be the major challenges in delivering the services within their current grouping? How can they be overcome?**

Please keep your response brief and to point.

- E. Are you able to provide all clustered services outlined in the covering letter directly or would there be a need for you to sub-contract to another organisation? Alternatively, would you be looking for an opportunity to be a major sub-contractor or partner with another company?**

Please keep your response brief and to point.

- F. Are there other ways of packaging the services other than the proposed 'cluster' to make the proposition more interesting to you? If so, what are they and why would they help?**

Please keep your response brief and to point.

- G. What opportunities do you think there are to demonstrate creativity and innovation in delivering this cluster of services?**

Please keep your response brief and to point.

- H. In your view, what would be a successful outcome of providing alternative service provision for LBB – for both yourself and LBB?**

Please keep your response brief and to point.

- I. In your view, what would be a successful outcome of providing alternative service provision for LBB – for residents of Barnet?

Please keep your response brief and to point.

- J. What is your view on the advantages and disadvantages of ‘commercial vehicles’ (e.g. Joint Venture, traditional outsourcing) to deliver these types of services?

Please keep your response brief and to point.

- K. In your view, how could risks and rewards be shared between your organisation and LBB?

Please keep your response brief and to point.

- L. What is your view on a reasonable timescale and effort to set up a partnership (as a single or multiple entities) under one commercial umbrella?

Please keep your response brief and to point.

- M. What should be an ideal duration of the potential delivery contract? What are the advantages of such duration?**

Please keep your response brief and to point.

- N. There are a wide number of stakeholders within LBB and associated organisations. How do you propose to engage with these stakeholders and manage these relationships?**

Please keep your response brief and to point.

- O. In your view, what is the best approach to service transformation in order to retain the buy-in of employees whilst improving service performance?**

Please keep your response brief and to point.

- P. What would be your approach to the management of performance in the services?**

Please keep your response brief and to point.

- Q. Is there any other relevant information that you have not already covered in your responses so far? If so, please provide them below.**

Please keep your response brief and to point.

- R. Are you happy for LBB to contact you with any supplementary questions to your responses?**

☐ YES
☐ NO

Appendix E: Potential Service Delivery Models

In looking at potential service delivery models to drive service improvement and efficiency, including other benefits such as investment, regeneration, culture change, etc. the following broad models that have been considered:

- ➡ Private Sector Joint Venture
- ➡ Status Quo Plus
- ➡ Incremental Partnership
- ➡ Shared Services
- ➡ Consulting Led
- ➡ Local Authority Private Trading Arm
- ➡ Strategic Partnership
- ➡ Management Buy Out

Private Sector Joint Venture

The term joint venture (JV) can describe a range of different commercial arrangements between two or more separate entities. Each party contributes resources to the venture and a new business is created in which the parties collaborate together and share the risks and benefits associated with the venture.

For the public sector, the success of the partnering vehicle can generate significant value for money and community benefit. For the private sector, it can be profile-enhancing and help to generate income via additional third-party contracts.

If a local authority's interest is less than 20% in the venture, the company is automatically classified as minority interest and therefore in the private sector.

The joint venture parties have a 'shared vision' about the objectives for the venture that can be delivered through the partnership. Each party generally has an expertise or need which is central to the development and success of the new business which they decide to create together.

A joint venture involves risk sharing; it is suitable where a jointly owned and managed organisation offers the best structure for the management and mitigation of risk and realisation of benefits.

A joint venture can be a company limited by shares, a limited partnership (LP), or a limited liability partnership (LLP).

Joint ventures are often used to deliver ICT, HR, public access, revenues and benefits, learning and development and web services.

Examples include Liverpool Direct Limited (BT 80.1%, Liverpool City Council 19.9%), Salford City Council Urban Vision, Service Birmingham (Birmingham CC 32%, Capita Business Services 68%), and Southwest One Ltd (Somerset CC, Taunton Deane BC, Avon & Somerset Constabulary, IBM 75%).

Strengths

- ➔ A joint venture structure encourages greater focus on achievement of a jointly agreed business plan, achieving goals and direct accountability for the performance of a joint venture's business.
- ➔ Joint ventures can offer both partners significant benefits, including sharing experience, skills, people, equipment and customer bases. They also allow for a sharing of commercial risk (and reward) between the venture partners.
- ➔ A joint venture promotes a greater level of diversification and organic growth using an increased pool of resources. Similar they provides the opportunity to give staff greater incentives to deliver, through the prospects of higher salaries and rewards such as bonuses or share options.
- ➔ A joint venture has the potential to reduce any conflict of interest that could possibly arise with one external (outsource) partner alone. Joint ventures can be flexible. For example, a joint venture can have a limited life span, thus limiting both Council commitment and the business' exposure.

Weaknesses

- ➔ There can be additional costs of setting up the venture and negotiating partnership arrangements.
- ➔ The joint venture may be less effective if the parties involved have differing or conflicting philosophies governing expectations and objectives. Even though different institutions can sign up to a common vision and set of objectives, institutional priorities can still interfere.
- ➔ Problems can occur if there is an imbalance in levels of expertise, investment or assets brought into the venture by the different partners. The result could be that one partner may dominate the other.
- ➔ There can be inadequate identification, support and compensation of senior leadership and management teams within joint ventures.
- ➔ A local authority may not wish to be associated with a very profitable joint venture, or with a financially unsuccessful one potentially failing to deliver high-profile services.

Status Quo plus

A status quo plus option requires the necessary skills, knowledge, financial resources and capacity to deliver a major change programme. Typically, organisations identify specific funding sources to service investment, and use secondment arrangements or backfilling to allow key staff to be dedicated to the change programme.

Strengths

- ➡ The organisation retains full control of any transformation programme, and thus benefits from all efficiency.

Weaknesses

- ➡ The organisation retains all transformational risk under this model, and based on experience is unlikely to deliver the full expected benefit. Additionally, rarely does an organisation possess all the skills or experience necessary to deliver major change.

Incremental partnership

The organisation identifies a wide scope of services in need of improvement/efficiency gain, but recognises that it cannot deliver transformation itself. The organisation contracts initially for a small scope of services, with the option to increase the scope over time if the provider meets all performance and partnership measures within the arrangement. The Council continues to deliver small scale improvement in non-transferred services pending a decision to increase the scope of the partnership. Service delivery and commercial risk is passed to the partner for all transferred services.

Strengths

- ➡ Savings for those services transferred are guaranteed by a service provider, and that these can be delivered from day one of a contract. The organisation maintains power in the relationship through the potential to transfer additional services if performance is as required. The organisation can also benefit from access to additional skills and experience from its partner. The organisation can also continue to focus specifically on delivering efficiencies on those areas that are not transferred.

Weaknesses

- ➡ Organisations will need to incur the cost of a client side function that it deems appropriate to meet its specific needs. The organisation will also need to conduct a procurement exercise that will take between 12 and 18 months typically to deliver.
- ➡ The Council may not want to wait for an increment to be adopted

Shared Services

Shared Services refers to the provision of a service by one organisation or group where that service had previously been found in more than one organisation or group. The purpose of Shared Services is to combine and streamline functions to ensure that they deliver the services required of them as effectively and efficiently as possible to the participating organisations.

Two or more public sector organisations collaborate to develop a shared solution, sometimes with external funding.

The professional disciplines of staff involved are capable of being exported across local authority boundaries. The services may be provided by one local authority as the lead authority (involving some staff transfer and/or redeployment to front-line services)

The relationship between the local authorities will need to be regulated by a contract either for services or co-operation.

Examples include *South Thames Gateway Building Control Partnership* which is a cohesive partnership between Gravesham, Medway and Swale Council building control services

Strengths

- ➔ Shared know-how - the benefits associated with the sharing of knowledge and practice across the organisation. This may involve sharing best practice in business processes, leveraging expertise, pooling knowledge about what works across different parts of the organisation and different geographical regions, and sharing knowledge about customers.
- ➔ Reducing costs and avoiding duplication of effort - the benefits from economies of scale and elimination of duplicated effort can streamline and simplify services to reduce costs.
- ➔ The potential for cost reduction and efficiency gains, flowing from reduced management overheads, commonly procured ICT and other support systems.
- ➔ Standardised work processes, the avoidance of duplication of activities, and opportunities for estate/accommodation rationalisation.
- ➔ An improved capacity to make best use of scarce professional specialisms, for example in relation to some regulatory services (such as environmental health, trading standards, planning and building control), by providing them on a draw-down basis across a sub-regional or regional area.
- ➔ Providing a platform for the development of trading with other local authorities or groups of authorities, because they provide a 'critical mass' of delivery capacity.

Weaknesses

- ➔ One of the biggest challenges in establishing shared services locally are the political and governance implications of pooling resources with other local authorities, and the perceived 'letting go' of direct control and responsibility for local services.
- ➔ Many failed shared services arrangements have suffered through different partners being at different stages on the road to accepting the need for change, as well as their ability and capacity to deliver change.
- ➔ Significant set-up costs in establishing shared services arrangements, even in relation to relatively straightforward back-office functions.
- ➔ The loss of 'local' jobs if posts are to be transferred outside the local authority area.

- ➡ Where a shared services centre is set up in one authority to service a number of authorities, the benefits to the local economy enjoyed by the former as a result of the centre's physical location, may not be shared by all partners.
- ➡ There may also be perceived performance and reputation risks associated with establishing a shared services arrangement. For example, high-performing authorities may have anxieties about working with poorer performers

Consulting Led

The organisation will engage a “consulting partner” to support the design and development of a major transformation programme. Typically the consultant will undertake a programme management role, and provide specialist resources to fill capacity and skills gaps. A key part of the engagement will be growing the internal capacity of the organisation by skills and knowledge transfer. Implementation is usually undertaken by the organisation, although they may be supported by the consultant in project management, procurement of solutions, and change management. The consulting partner shares some risk up to the point of business case sign off, but implementation risk in this model again rests with the organisation.

Strengths

- ➡ Similar to the in-house model, but in addition the organisation builds its skills and capacity.

Weaknesses

- ➡ Also similar to that of the in-house model, but also the organisation spends significant sums on consulting fees without ultimate risk transfer.

Local Authority Private Trading Arm

A local authority private trading arm is a private company newly created or bought by a local authority. It may be wholly owned by the authority or may be part of a joint venture. There are a number of legal, competition and procurement issues to consider however this model can provide the authority with a greater ability to exploit commercial opportunities and to operate in a more entrepreneurial way.

As the company is wholly owned by the local authority any profit that it makes can either be retained by the authority or re-invested in the company itself. If the company makes a loss any money invested in it by the authority is similarly at stake, however in a limited company this liability will be limited to the amount invested.

There are a number of options available in the setup of a private trading arm which the authority would need to consider at the outset in order to configure it to best meet its objectives.

Strengths

- ➔ This model encourages a more commercial focus and entrepreneurial outlook
- ➔ Profits can flow to the owning authority or be re-invested in the service, although will be taxed
- ➔ Liability for the Council as principal or sole investor can be limited
- ➔ In some instances the private trading arm may overcome restrictions placed upon local authorities not to make a surplus in the provision of certain services

Weaknesses

- ➔ There are legal, statutory and regulatory compliance issues that would need to be addressed
- ➔ Not all Council functions may be transferred to a private sector organisation
- ➔ Directors will have potentially onerous legal obligations with penalties for non compliance
- ➔ Any investment may be lost if the venture is unsuccessful
- ➔ Setting up a company does not confer commercial capability. Investment is typically required to give effect to the freedoms established by this change in entity status

Strategic Partnership

This model is similar to outsourcing in terms of service and risk transfer, but the relationship with the partner is equally focussed at delivering wider aspirational targets, e.g. regeneration (physical and economic), shared services, place shaping support, job creation, etc.

The advantage is that this model can make a much wider strategic contribution to the organisation by delivering high additional external benefits, as well as delivering improvements and efficiencies in core services.

A weakness of this model is that it is complex to construct into a meaningful contract, however with significant effort a contract can be created that will embody a wide range of the Council's objectives. Further, the need to focus on strategic, place shaping outcomes can cloud the focus on the delivery of improvement and efficiency on core services.

As for incremental partnership, but with all services transferring at the point of inception. Under this model all service delivery risk passes to the provider.

Strengths

- ➔ Similar to that of an incremental partnership, but due to the additional scope the size of potential efficiencies may increase

- ➔ Competitive pressures can provide low priced service delivery, and a certain level of savings can be contractually underwritten, if necessary from the start of the contract
- ➔ It is possible to develop a payment mechanism that will penalise under performance
- ➔ This allows a private sector provider to bring economies of scale and expertise to a service which can benefit citizens and the Council

Weaknesses

- ➔ The organisation loses some flexibility and control over future service delivery options
- ➔ The longer term incentive for continuous improvement is diminished where the partner has exhausted the opportunity to grow their contract
- ➔ The procurement and contract development process can be lengthy and expensive

Management Buy Out

The management buy out option involves existing service management, potentially in conjunction with a private sector partner forming a private sector company to take over operation of the service(s). This is a common model within private sector organisations but is a relatively new concept within local authorities. The typical driver for the management team is the financial incentive of being able to deliver the service for less than the price the authority pays for it, or to generate additional income, thus increasing the value of the capital in the company. It is then likely at some stage in the future that the management team (or individual members of it) will want to sell their holding in the company to realise the increase in value it has achieved, assuming it has achieved an increase. As the management team are owners of the company, they are highly incentivised to achieve commercial success. It is also possible for the Council itself to have a shareholding in the management buy out company and may therefore also benefit from the payment of dividends or the sale of its investment if the company performs well.

Strengths

- ➔ The management team are highly incentivised to achieve the commercial objectives, which can result in reduced service delivery costs for the Council
- ➔ Investment capital can be generated to improve service delivery
- ➔ The authority as a shareholder can benefit from the success of the organisation
- ➔ Existing expertise is retained

Weaknesses – TBC

- ➔ The focus on commercial objectives and profit is in danger of not being well suited to the delivery of high standards of public service

- ➡ The desire to maximise the capital value of the company in a relatively short period of time could lead to short term based decisions that may not be the most advantageous in the longer term
- ➡ This is not a mature model in the public sector and by definition would be unpredictable
- ➡ If part of a competitive procurement process this model could be lengthy and costly to implement
- ➡ Issues relating to public perception of managers personally profiting from service delivery would need to be navigated