

AGENDA ITEM: 8 Pages: 37 – 54

Meeting	Budget and Performance Overview and Scrutiny Committee
Date	22 September 2011
Subject	Financial and Business Planning 2012/13 – 2014/15
Report of	Leader of the Council Cabinet Member for Resources and Performance
Summary	This report sets out the strategic context for the finance and business planning process for 2012/13 to 2014/15 as set out in the Cabinet report from July 2011.

Officer Contributors	Andrew Travers, Deputy Chief Executive Assistant Directors of Finance
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix 1 – Finance and Business Planning Process 2012/13 to 2014/15, Report to Cabinet, 26 July 2011
For decision by	Budget and Performance Overview and Scrutiny Committee

Contact for further information: Andrew Travers, Deputy Chief Executive, 020 8359 7850

1. RECOMMENDATIONS

- 1.1 **That the Committee note the report to Cabinet on the strategic context for the finance and business planning process, as attached at Annex 1, and make comments and/or recommendations on any matters arising.**
- 1.2 **That the Committee consider any areas on which it would like to receive further information.**

2 RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet, 26 July 2011, Finance and Business Planning Process 2012/13 to 2014/15 – Cabinet considered the strategic outlook, and agreed a financial and business planning process covering the period 2012/13 to 2014/15.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The financial and business planning process is designed to enable Members to set the strategic direction of the Council, and for that direction to be reflected in the Corporate Plan, the budget, and business unit and individual staff plans. The process is designed to dovetail with the Corporate Plan, ensuring resources are most effectively focussed on the priorities set out in the Plan. The nature of the process is particularly designed to support the priority of *Better Services with less Money*.

4. RISK MANAGEMENT ISSUES

- 4.1 Risk management issues are contained in the attached Cabinet report.

4.2

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Equalities and diversity issues are contained in the attached Cabinet report.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 Resource implications are contained in the attached Cabinet report.

7. LEGAL ISSUES

- 7.1 Legal issues are contained in the attached Cabinet report.

8. CONSTITUTIONAL POWERS

8.1 The scope of the Overview and Scrutiny committees is contained within Part 2, Article 6 of the Council's Constitution.

8.2 The Terms of Reference of the Overview and Scrutiny committees are in the Overview and Scrutiny Procedure Rules (Part 4 of the Constitution). The Budget and Performance Overview and Scrutiny Committee has within its terms of reference responsibility:

- "To scrutinise the Council's annual budget process, reviewing and scrutinising its performance in relation to budget management, and assisting the Council in developing a three-year budget strategy."; and
- "To consider, consult upon, comment and, where appropriate, make recommendations to the Executive in respect of the proposed Council budget and Medium Term Financial Strategy."

9 BACKGROUND INFORMATION

9.1 As set out in the attached Cabinet report.

10 BACKGROUND PAPERS

10.1 None

Legal:

Finance: MC/JH

ANNEX 1

Meeting	Cabinet
Date	26 July 2011
Subject	Finance and Business Planning Process 2012/13 to 2014/15
Report of	Leader of the Council Cabinet Member for Resources and Performance
Summary	This report sets out the strategic context for the finance and business planning process for 2012/13 to 2014/15, updates on the Council's medium term financial strategy, and sets out the timetable that the process will follow between now and March 2012.

Officer Contributors	Andrew Travers, Deputy Chief Executive Stephen Evans, Assistant Director – Strategy and Policy Assistant Directors of Finance
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix 1 – Strategic Context Appendix 2 – Medium Term Financial Strategy Update Appendix 3 – Timetable
For decision by	Cabinet
Function of	Executive
Reason for urgency/ exemption from call-in	N/A

Contact for further information – John Hooton, Assistant Director, Strategic Finance, 020 8359 2460

1 RECOMMENDATIONS

- 1.1 To agree the strategic context for the finance and business planning process for 2012/13 onwards as set out in section 9.2 and Appendix 1;**
- 1.2 To note the updated budget gap for the next 3 years as set out in paragraph 9.3.4 and Appendix 2;**
- 1.3 To agree the allocation of savings targets as set out in paragraph 9.3.8 to enable departments to work up proposals for review in the autumn;**
- 1.4 To agree the allocation of additional grant funding to reserves, contingency and to the community budget, as set out in paragraph 9.3.9 and 9.3.10; and**
- 1.5 To agree the timetable for business planning as set out in paragraph 9.4.1 and Appendix 3.**

2 RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet on 14th February approved the Budget, Council Tax and Medium Term Financial Strategy for 2011/12 to 2013/14. This report looks at the strategic context within which the finance and business planning process will be delivered, which will culminate in the Budget, Council Tax and Medium Term Financial Strategy for 2012/13 to 2014/15.
- 2.2 In March 2011, the One Barnet Partnership Board agreed to start to bring together the finance and business planning process across partner organisations.
- 2.3 Cabinet 15 June 2011 – Corporate Plan 2011-13
- 2.4 Cabinet December 2010, Decision item 6 Sustainable Community Strategy 2010-2020

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The financial and business planning process is designed to enable Members to set the strategic direction of the Council, and for that direction to be reflected in the Corporate Plan, the budget, and business unit and individual staff plans. The process is designed to dovetail with the Corporate Plan 2011-13, ensuring resources are most effectively focussed on the priorities set out in the plan. The nature of the process is particularly designed to support the priority of *Better Services with less Money*.
- 3.2 The 2012-13 business pro-forma has been aligned to the strategic outcomes set out in the Sustainable Community Strategy and supports the commitment to developing a shared approach to business planning in the borough. This approach is believed will deliver better outcomes for residents in a more

effective and co-ordinated way. The Council's policy priorities remain unchanged.

4. RISK MANAGEMENT ISSUES

- 4.1 Severe resource constraint represents the most significant risk to the Council fulfilling its strategic objectives. The Council set a three year Medium Term Financial Strategy in March 2011, which means that a plan is in place to deliver the organisation's objectives in the context of reduced government funding. The One Barnet programme also potentially mitigates the risk of reducing funding.
- 4.2 The Council's risk management process brings together the management of financial and other risks. Risk management information is reported quarterly to Cabinet Resources Committee, along with other performance management information, and will be reflected as appropriate in financial and business planning.
- 4.3 The outcome of Icelandic Bank litigation remains the single most important financial risk facing the Council. Our current balance sheet assumes that the Council retains priority status as a creditor of the two banks through the wind-up process. Priority status was upheld through the Icelandic courts in April 2011, but this decision has been appealed, so it is important that the Council's reserves reflect the risk that this decision is overturned, and the Council has to write off a much more significant sum. This sum is currently estimated to be £14m, and the Council's reserves strategy is designed to cover this risk. The date of the appeal is not currently known, but is likely to be towards the end of this calendar year.
- 4.4 The challenges set out in this report will require fundamental change in the way Council services are delivered which in turn will impact on the human resources of the organisation and related policies and practices. Managing this process in conjunction with Trade Unions and staff is a key risk which will be mitigated through the people and culture workstream within the One Barnet programme.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The projected increase in the borough's population and changes in the demographic profile will be key factors that need to be considered when determining both the corporate strategy and service responses. Both of these need to also reflect the aspirations and contributions of current residents.
- 5.2 All proposals emerging from the financial and business planning process will need to be fully considered in terms of equalities and diversity issues as set out in the Corporate Plan and as required by statute, including the requirements for consultation and equality impact assessments where necessary. Equality impact assessments conducted prior to setting the

2011/12 budget will be reviewed as part of this process and were agreed at the February 2011 Budget Report.

- 5.3 Similarly, all human resources implications will need to be managed in accordance with the Council's Managing Organisational Change policy that supports the Council's Human Resources Strategy and meets statutory equalities duties and current employment legislation.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 This report is concerned with the Council's medium-term financial strategy and budget process. The 2011/12 planning process was characterised by the most significant cuts to grant funding for local authorities in a generation. Since that point, a three year budget has been set, meaning that the Council has gone a long way to overcoming the significant challenge that these cuts to funding presented. However, a period of continuing austerity will continue through to at least 2014/15, and is likely to continue thereafter. This will present further challenges in finance and business planning in the future. There is significant uncertainty (and opportunities) over the outcome of the government's review into local government funding that will be implemented for 2013/14, so the forthcoming planning process needs to reflect this position.

- 6.2 The content of this report deals with some of the significant demographic and related changes that impact on the borough. While the Council is required to set an annual budget, and it is standard practice to set a 3 year medium term financial strategy, a longer term view (10 years) will need to be considered to fully understand the strategic planning challenges facing the Council and the partnership.

- 6.3 In 2010/11 the Government began to dismantle the national performance management mechanism overseen by the Audit Commission. Business planning is now more open to local determination rather than central direction. Critical to developing this will be the link that the Council draws to planning resources with its partner organisations, particularly the Health Service, the Police, the voluntary sector, and a range of stakeholders from central government departments.

7. LEGAL ISSUES

- 7.1 The Council must act in accordance with its statutory duties, act reasonably and not breach its fiduciary duties to its ratepayers and council tax payers.
- 7.2 All proposals emerging from the financial and business planning process will need to be considered in terms of legal implications for the Council and, where appropriate, mechanisms put into place to mitigate legal risks as far as possible.

8. CONSTITUTIONAL POWERS

- 8.1 Constitution, Part 3, Responsibility for Functions – Section 3, Responsibilities of the Executive.

9. BACKGROUND INFORMATION

9.1 Executive Summary

- 9.1.1 For the 2011/12 finance and business planning, Cabinet considered the strategic policy context and the process paid particular attention to the following:

- The population increase in Barnet (making Barnet the most populous London Borough);
- The nature of the population change, particularly the young (under 5) and older people (over 85);
- Opportunities around technological change to deliver services in new ways; and
- Changing roles and expectations for public services and local government.

- 9.1.2 Cabinet is now asked to consider the strategic context for the forthcoming planning cycle. **Appendix 1** sets out an updated insight report which provides the context for the 2012/13 process. The key points are as follows:

- Our residents view the basics of good maintenance of roads and pavements, refuse collection and other universal services as very important. In an era of continued financial pressure, the findings of our residents perception survey suggest that it will be important to ensure we continue to focus on getting the basics right for residents in future years;
- Demographic changes continue to put pressure on our budgets, and the increase in particular in the very young and very old mean that, if current trends continue (and assuming no significant uplift in our budget) by 2022 our budget will cover nothing other than Adults and Children's services unless we address demand in these areas; and
- We will need to continue to focus on managing growth and sharing the opportunities and responsibilities for keeping Barnet a successful place.

- 9.1.3 The Medium Term Financial Strategy has been updated in this document. The budget gap is £35.6m over the three years 2012/13 to 2014/15. Savings have already been identified to cover 2012/13 and 2013/14. The budget gap for 2014/15 is projected to be £11.3m. To provide options for Cabinet to consider, a savings target of £16m is recommended, to be allocated to departments.

- 9.1.4 The timetable will run in three stages:

- 1 – Identification of strategic objectives and resource gaps;
- 2 – Consultation and development/review of draft business plans; and
- 3 – Formal approval of budget and corporate plan.

9.2 Strategy

Strategic Context

- 9.2.1 The Cabinet on 21 June 2010 considered the strategic policy context for the financial and business planning process paying particular attention to:
- The population increase in Barnet (making Barnet the most populous London Borough);
 - The nature of the population change, particularly the young (under 5) and older people (over 85);
 - Opportunities around technological change to deliver services in new ways; and
 - Changing roles and expectations for public services and local government.
- 9.2.2 This was the strategic context within which the corporate plan, budget and medium term financial strategy was set for 2011/12. **Appendix 1** sets out an updated insight report which provides the context for the 2012/13 process.
- 9.2.3 Appendix 1 sets out the data that has been used to underpin this strategic context. This includes the residents' perception survey, statistics on demography and deprivation as well as statistics across a range of services, for example crime, health and educational attainment. A summary of this data is set out below.
- 9.2.4 Already London's most populous borough, with 349,800 residents in 2011 and a history of integrating diverse immigrant communities, Barnet's story is one of growth. This growth is forecast to continue over the coming half decade as a consequence of regeneration and recent high birth rates. Understanding the complexities of this changing demographic landscape will be essential in designing and restructuring local public services. The Barnet population is projected to grow by 5.5% over next five years – an increase of 19,400 people.
- 9.2.5 The council services with which customers are most satisfied are refuse collection (81%), street lighting (75%), recycling facilities (73%), doorstep recycling (72%) and public transport (64%). Just over half of respondents (55%) cited that they were satisfied with the service they received when contacting the council. Conversely, repairs of roads received the most critical assessment from respondents (51%), followed by parking services (44%) and quality of pavements (43%).
- 9.2.6 Barnet residents feel less involved in council decision-making than residents of other London boroughs (39% versus 50%) and a majority of citizens believe that the council does not listen to their concerns (60%). However, a greater proportion of residents are satisfied with opportunities for participation than in previous years (50% versus 29% in 2008/09).
- 9.2.7 This data suggests that the key points for the Council to consider in finance and business planning are as follows:

- Our residents view the basics of good maintenance of roads and pavements, refuse collection and other universal services as very important. In an era of continued financial pressure, the findings of our residents perception survey suggest that it will be important to ensure we continue to focus on getting the basics right for residents in future years;
- Demographic changes continue to put pressure on our budgets, and the increase in particular in the very young and very old mean that, if current trends continue (and assuming no significant uplift in our budget) by 2022 our budget will cover nothing other than Adults and Children's services unless we address demand in these areas; and
- We will need to continue to focus on managing growth and sharing the opportunities and responsibilities for keeping Barnet a successful place.

Changes to local government funding

9.2.8 There are some significant changes to the way that local government will be funded in the future which need to be reflected in our business planning for future years. They are as follows:

9.2.9 The Department for Communities and Local Government (CLG) is currently undertaking a Local Government Resource Review. Phase 1 is primarily looking at **re-distribution of business rates**, and phase 2 will look at a wider roll out of **community budgets**. Business rates are currently collected locally, but put into a national pot, and redistributed as government grant based on analysis of local needs. Changes will be phased in for the 2013/14 settlement.

The overall aim of this from the coalition government's perspective is to set Councils free from formula grant – and this would be achieved by allowing Councils to keep (some or all of) local business rates rather than paying it into a national pool and it being redistributed. This is an incentive model which should encourage Councils to promote local economic growth.

The big challenge is how to do this and still protect the needs of more deprived boroughs that rely heavily on government grant for the provision of public services.

Barnet's government grant is projected to be almost exactly the same as its business rate collection level in 2011/12. Given the projected growth in housing and business rates locally, this is a big opportunity for Barnet, however, there are significant risks around the assumptions being made in any new model that is adopted. It is also important that a new model protects current and proposed incentives, such as the New Homes Bonus, and Tax Incremental Financing schemes.

9.2.10 The government is also in the process of reforming the **housing finance system**. Barnet is currently a net contributor to the national housing pot. This national regime will be abolished for 2012/13, with Barnet having to take on approximately £110m of borrowing, which will be funded from the abolition of the current subsidy that the Council pays into the pot.

There are a number of resourcing implications here around the financing of the additional borrowing, and the extent to which any surplus funds in the Housing Revenue Account are used either to reinvest in housing stock, or used to repay the borrowing.

9.2.11 Other significant changes to note include the localisation of **Council Tax benefit** for 2013/14 (this is currently funded centrally by the Department for Work and Pensions), and the introduction of a **Public Health grant** (ringfenced) also in 2013/14.

One Barnet approach

9.2.12 The One Barnet programme was developed to address the multiple challenges for local authorities of reducing budgets, the need to find new ways to tackle challenging problems, and addressing reductions in customer satisfaction. Our response is to create a citizen-centred council to ensure that citizens get the services they need to lead successful lives, and to ensure that Barnet is a successful place. The three principles of the One Barnet programme are fundamental to the finance and business planning process.

1. A new relationship with citizens

- Enabling residents to access information and support and to do more for themselves

2. A one public sector approach

- Working together in a more joined up way with our public sector partners to deliver better services

3. A relentless drive for efficiency

- Delivering more choice for better value

9.2.13 A new relationship with citizens means that we will work together in a different way. We will provide a better service, putting citizens at the heart of what we do. In return we expect that they will do what they can for themselves, their families and their community.

9.2.14 A One Public Sector approach is fundamental to One Barnet. Democratic accountability remains at the heart of serving residents successfully. We will work with partners to create truly joined up services, with the citizens at their heart.

9.2.15 A relentless drive for efficiency means that we will make sure every pound is spent as effectively as possible, which may mean providing services in different ways and certainly means organising the Council in a different way. It also means recognising that our residents' time is valuable and that we should make sure that when they want to do something, the process is clear, simple and efficient.

9.2.16 The plan for Phase 1 of the One Barnet programme has already been developed and the resource (investment and savings) implications of the programme are already part of the Council's Medium Term Financial Strategy. However, any changes to the phasing of investment or savings will need to be updated for the 2012/13 process.

9.2.17 Phase 2 of the One Barnet programme will be developed during this forthcoming finance and business planning process, which will involve both additional investment and additional savings.

9.2.18 The aim of the planning process will be to ensure that the One Barnet programme has a larger footprint over savings proposals as a whole, with the aim that all savings are delivered through the programme in the future.

9.2.19 There will be significant organisational change implications of the One Barnet programme. The Council is moving towards becoming a **commissioning organisation**, where the majority of Council services will be delivered either through trading subsidiary organisations, or through public or private partnerships. The Council's primary focus will be that of a commissioning hub, working with local partners, rather than the delivery of services directly.

9.2.20 All **strategic objectives** and **budget proposals** developed as part of the finance and business planning process will be developed and presented in line with the One Barnet principles (new relationship with citizens, one public sector approach and relentless drive for efficiency).

9.3 Medium Term Financial Strategy

9.3.1 The Medium Term Financial Strategy is the document that sets out all of the budget changes over the relevant planning period, including assumptions around inflation, changes to levies, pressures, savings and grant funding. It is the model around which the Council's financial strategy is based.

9.3.2 When the budget was set in March 2011, the Medium Term Financial Strategy (MTFS) reflected a budget gap of £53.4m, with savings proposals enabling a balanced position to be set over the three year period.

	2011/12 £m	2012/13 £m	2013/14 £m	Total £m
Budget Gap March 2011 (incl. pressures)	29.1	13.1	11.2	53.4
Savings proposals	(29.1)	(13.1)	(11.2)	(53.4)
Final Gap	0	0	0	0

9.3.3 Now that the 2011/12 budget has been set and is being delivered, the planning process needs to look at the period from 2012/13 to 2014/15. The government have already announced the settlement for 2012/13, so these figures can be set with certainty. For 2013/14 and 2014/15, no figures have been released at a local authority level, so the MTFS has been updated using the national budget reduction figures from the Spending Review 2010.

9.3.4 Other factors have also been updated (any known changes to legislation, assumptions on inflation, changes to pay and pensions and changes to levies). The updated MTFS for 2012/13 to 2014/15 is as follows:

	2012/13 £m	2013/14 £m	2014/15 £m	Total £m
Budget Gap March 2011 (incl. pressures)	13.1	11.2	11.3	35.6
Savings proposals	(13.1)	(11.2)	0	(24.3)
Gap	0	0	11.3	11.3

- 9.3.5 One of the actions for the 2012/13 planning process will be to develop a longer term horizon for the MTFs that can link into the strategic and demographic changes highlighted in section 9.2, and also future phases of the One Barnet programme as they are scoped.
- 9.3.6 The gap over the three years from April 2012 is not as significant as the three years from April 2011 (£35.6m vs £53.4m) because the local government settlement announced after the spending review was so significantly front loaded for 2011/12.
- 9.3.7 The detailed MTFs with assumptions is included in **Appendix 2**. Key assumptions are as follows:
- **Council Tax** increases by 2.5% for 2012/13, 2013/14 and 2014/15.
 - **Pay inflation** is zero for 2012/13, and then increased by 2.5% in the following two years; and
 - **Inflation on goods and services** is assumed to be 2.5% for the three year period.
- 9.3.8 The MTFs sets the parameters for the development of savings across the organisation. Directorates will specifically be asked the following:

- 1. To review current savings proposals for 2012/13 and 2013/14, ensure they are in line with strategic objectives and consistent with One-Barnet business cases;**
- 2. To review efficiency measures and ensure that these are maximised, substituting frontline service cuts for efficiency measures where possible; and**
- 3. To develop savings for 2014/15.**

Savings targets

- 9.3.9 Savings targets remain the same for 2012/13 and 2013/14. For 2014/15, a budget gap of £11.3m exists. To enable sufficient headroom and to provide choices for members, savings targets of £16m will be allocated to departments. Based on the same methodology of calculating savings from previous years, this is allocated as follows:

	2012/13 £m	2013/14 £m	2014/15 £m	Total £m
Savings targets	13.1	11.2	16.0	40.3
Adults	(4.9)	(3.9)	(6.8)	(15.6)
Children's	(1.0)	(4.6)	(3.9)	(9.5)
Environment and Operations	(2.2)	(0.9)	(2.1)	(5.2)
Planning, Housing and Regeneration	(0.3)	(0.2)	(0.2)	(0.7)

Corporate Governance	(0.2)	(0.2)	(0.4)	(0.8)
Deputy Chief Executive	(0.8)	(0.3)	(0.9)	(2.0)
Commercial	(2.1)	(0.7)	(1.0)	(3.8)
Chief Executive	(1.6)	(0.4)	(0.7)	(2.7)
Gap	0	0	0	0

Additional funding

9.3.10 In setting the budget for 2011/12, prudent assumptions were made where funding had not been confirmed in respect of a number of grants. Since that point, a number of additional grants have been confirmed. The grants, and their proposed use is as follows:

- New Homes Bonus - £1.5m – it is proposed that this funding goes into a newly created infrastructure reserve to fund the infrastructure requirements resulting from housing and population growth;
- Community Safety - £320k – the stronger, safer communities board have proposed that this funding be allocated to the community budget to expand the family intervention project;
- All other grants – it is proposed that funding goes into contingency to cover any budget risks for 2011/12.

9.3.11 London Councils has now agreed its grant programme, following the judicial review earlier in the year. This has resulted in a saving of £350k which is available for re-investment in the voluntary sector.

9.4 Organisational change and equalities impact

9.4.1 The spending review set out significant reductions in resources available for local government over a four year period, so the next few years of business planning will continue to see significant organisational change. This will need to be managed as effectively as possible.

9.4.2 For 2012/13, we already know the funding that will be available from central government, and have already set a budget with savings and proposed redundancies for future years. Given this lead in time, services have sufficient time to plan for this and they will be expected to ensure that staffing reductions are managed through vacancies and natural turnover of staff wherever possible.

9.4.3 In order to achieve this managed reduction in staff numbers the Council has implemented a people strategy which recognises that the management of its workforce is one of its most significant challenges as it needs to retain talented and engaged staff whether employed by LBB or with our partner organisations. This people strategy is predicated on redundancies being proposed only where the service is either being ceased or changed, practically this means that there is no voluntary redundancy. This in turn ensures that we retain the skills to deliver our services, plus we look to redeploy staff where possible, again to retain valuable skills and knowledge. This is being achieved by creating a flexible workforce of agency and fixed term contract staff who will be released from their positions where displaced

permanent staff are able to be redeployed into those roles. This strategy has meant that in the financial year 2010-11 that there were approximately 150 fewer redundancies than expected.

9.4.4 To ensure that the focus is on building this flexible workforce and so that skills and knowledge are retained the planning assumption is that redundancies and the associated costs will be kept to a minimum. It is not therefore anticipated that there will be central funding of redundancy, payment in lieu of notice or pension strain for 2012/13.

9.4.5 Should there be a need for a programme of redundancies then this will be subject to a full equality impact assessment.

9.4.6 When budget proposals were agreed in March 2011, community facing equality impact assessments were carried out on each savings proposal. In some instances, it was difficult to assess the equality impact with any certainty at that time. It was agreed that a review of these EIAs would be done in six months time. This review will be carried out and will be reported back to Cabinet as part of the finance and business planning process in the autumn.

9.5 Timetable

9.5.1 In March 2011, the One Barnet Partnership Board agreed to run the finance and business planning process jointly across the partnership. The timetable set out below which runs from May 2011 to March 2012 reflects this.

Stage 1 identification of strategic objectives and resource gaps

- May/June – Partnership boards
- July - Cabinet
- July – One Barnet Partnership Board

Stage 2 consultation and development/review of draft business plans

- July – August – draft plans completed by services in consultation with portfolio holders
- July – October – informal consultation with public
- Mid - September – internal challenge/review meetings
- November – Cabinet report on budget options including equality impact review from 2011/12
- November – One Barnet Partnership Board
- December – Cabinet report on budget headlines
- December – One Barnet Partnership Board

Stage 3 formal consultation and ratification of budget and One Barnet plan

- November – January – formal consultation on proposals
- February & March – budget and One Barnet plan ratified through democratic process

9.5.2 The detailed timetable is included in **Appendix 3**.

10 LIST OF BACKGROUND PAPERS

10.1 None

CFO: JH
Legal: JEL

State of the Borough 2011

Barnet Insight Unit

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Introduction

This document has been created by analysts from the Barnet Insight Unit with contributions from analysts and policy staff across the local public services. It draws on a wide range of existing work, as well as original analysis to summarise the strategic risks and opportunities facing Barnet – the organisations, the place and its people – over the coming five years.¹

The **One Barnet Sustainable Community Strategy** sets out the ten year vision for Barnet. This vision is framed around achieving four strategic outcomes which are:

- A Successful London Suburb
- Investing in children, young people and their partners
- Health and independent living
- Strong and safe communities for all.

Each of these outcomes will be delivered through multi-agency **partnership boards**. The analysis in this report has been structured to reflect these four themes with the purpose of supporting those making decisions about Barnet's transformation agenda for public services.

The One Barnet transformation was originally developed to address the multiple challenges facing the local authority of reducing budgets, finding new solutions to tackling long-standing problems and addressing customer satisfaction. But these challenges are now being faced by all public services including our local civil society, which is why a **shared understanding** of Barnet the borough is so important.

To explore the challenges facing each strategic outcome **two questions** were asked: 1) what is the likely impact of demographic change on this area of activity, and 2) what are the probable implications of recent policy changes?

¹ A list of further reading is included at the end of the document.

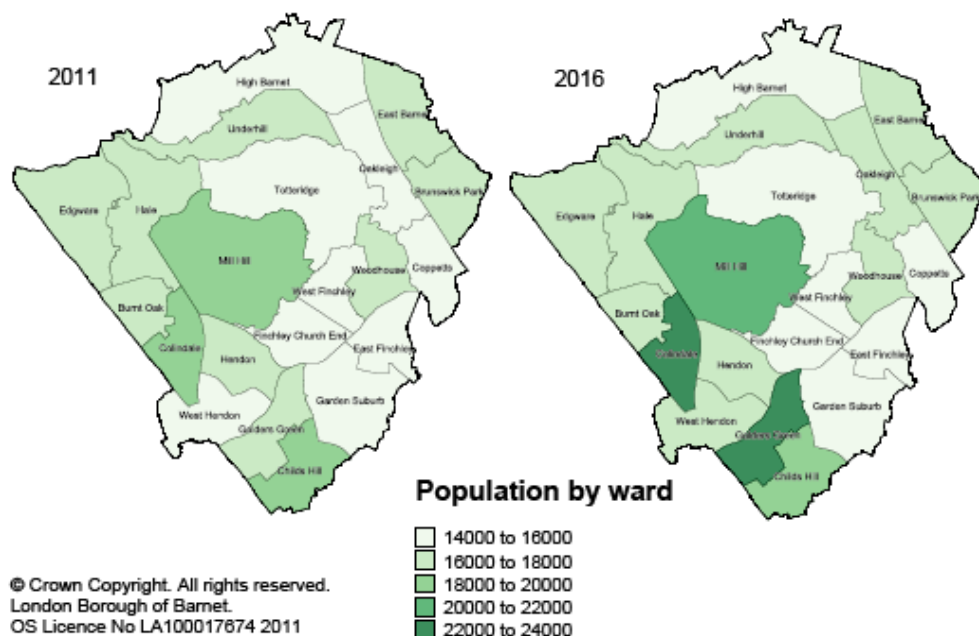
Demographic change, 2011-16

Already London’s most populous borough, with 349,800 residents in 2011 and a history of integrating diverse immigrant communities, Barnet’s story is one of **aspirant** growth. Since 2001, the local population has grown by 30,300 (9.5 per cent).² This growth is forecast to continue over the coming half decade as a consequence of regeneration and recent high birth rates. Understanding the complexities of this changing demographic landscape will be essential in designing and restructuring local public services.

The Barnet population is projected to grow by 5.5 per cent over next five years – an increase of 19,400 people. The greatest growth will be concentrated in Colindale (+10,900), Golders Green (+7,300), Mill Hill (+2,000) and West Hendon (+1,900) which are major **regeneration** and development **areas** in the borough. Meanwhile, the **central wards** – East and West Finchley, Woodhouse – are projected to experience a slight fall in population, as are Hale, Burnt Oak and Coppetts ward.

This net change in population masks an even higher rate of local **population churn**. Every year, 8 per cent of the population are new to the borough, replacing the 7.7 per cent of residents moving out each year. Almost 30,000 people are therefore being replaced every year.³

Total population by ward, 2011 and 2016



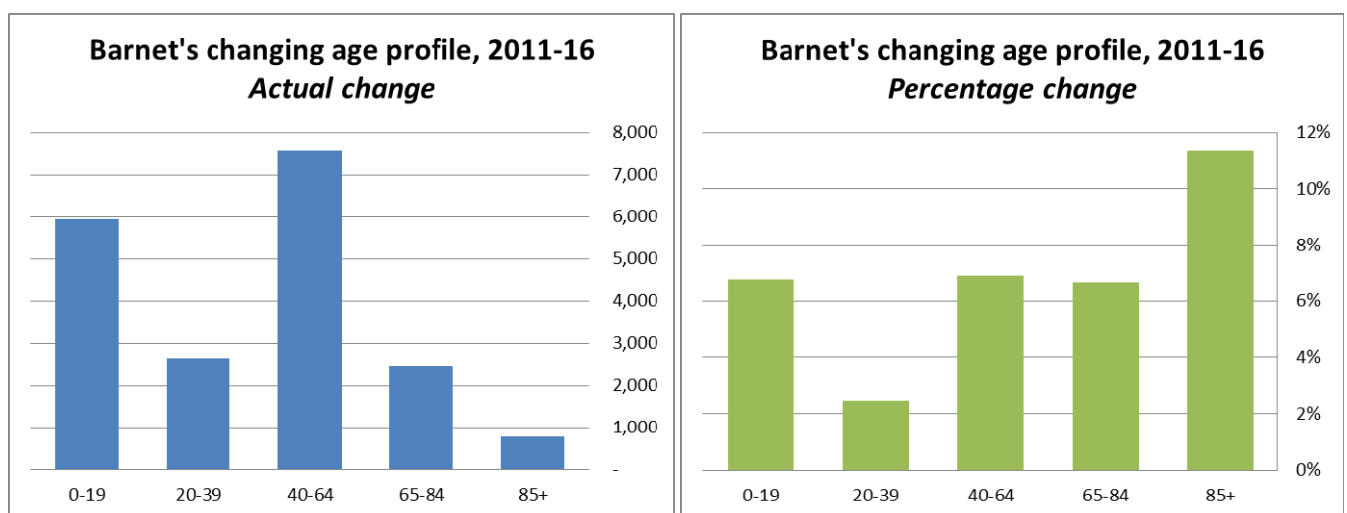
² Population Hybrid, Barnet Insight Unit, 2011 update

³ Based on analysis of ONS 2088-based sub-national population projections

Age profile

Between 2011 and 2016, the age profile of Barnet is forecast to develop in the following ways:

- Significant increase in **5-14 year olds** (+6,600). This includes 23 per cent more 5-9 year olds projected by 2016. This young cohort is the fastest growing group in the borough.
- General decline in **30-34 years olds** (-1,000, 3 per cent) and slower growth in **25-29 year olds** (600, 2 per cent).
- Sizeable growth in **40-59 year olds**, especially 40-45 (+2,200, 8 per cent) and 50-54 (2,400, 11 per cent) cohorts.
- Sizeable growth in **65-69 year olds** (+2,100, 18 per cent) and proportionally significant growth in **90 plus** cohort (17 per cent).



Changing ethnic diversity

With regeneration and demographic growth comes a shift in the ethnic profile of the borough. Over the next five years, the local **Black and Minority Ethnic (BME)** population is projected to increase from 33.1 per cent to 35.0 per cent of the total populace. This increase is at a slightly slower rate than other Outer London boroughs (5.6 per cent compared to Outer London average of 7.0 per cent) but faster than London as a whole (4.7 per cent).⁴

- Barnet's fastest growing ethnic group is **Other** (a classification which includes Iranians, Afghans, and Arab peoples) with 19 per cent growth (+4,400 people) over five years against an average growth rate of 5.5 per cent. In 2010, 2.8 per cent of children in Barnet schools speak Farsi as a first language – 1,395 individuals.⁵
- Although numerically smaller, the **Black Other** community is experiencing the second fastest proportional growth, with 15.1 per cent (1,000) more Black Other Barnet residents expected by 2016. In 2009, there were 250 applications for National Insurance Numbers from Barnet residents of Nigerian nationality, 50 from Ghanaians

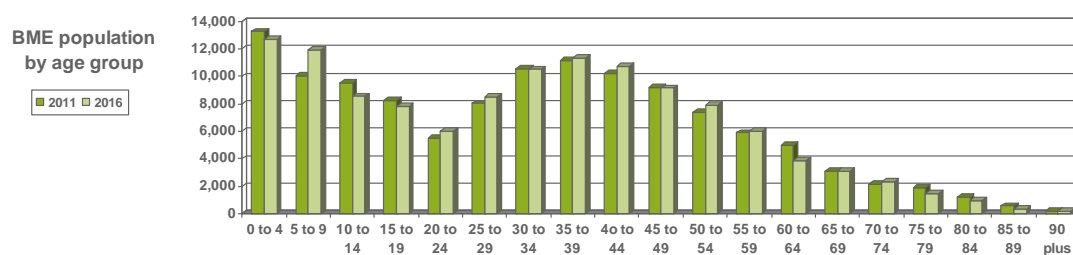
⁴ GLA 2010 Round ethnic group projections adjusted to Barnet Hybrid Model

⁵ School Census, January 2011

and another 50 from Somalians. 2010 figures look likely to match or exceed these levels.⁶

- Barnet's largest ethnic group, the **Indian** community, is expected to remain the most populous BME group over the coming half decade, but growth is slower than other groups at just 4.9 per cent (1,600 people). 700 residents of Indian nationality applied for a National Insurance Number in 2009.

Although Barnet continues to attract individuals and families from around the world, the rise in local diversity is predominantly **driven by births** in the existing BME community. The consequence of this is that, aside from a bump in the 30 to 44 cohort, each rising age band is progressively less diverse than the former; 21.9 per cent of the current 65 to 69 year old population are non-White compared to almost half of all 0 to 4 year olds (49.7 per cent).⁷



Deprivation

The third release of the English Indices of Deprivation (ID2010), a selection of small area level measures of deprivation, became available at the end of March 2011. Against the 2007 Multiple Index of Deprivation (IMD07), Barnet is **less deprived** than it was three years ago, ranked as the 165th of 326 most deprived Local Authority Area. Barnet is a particularly varied borough however, and although the Barnet average is averagely relatively deprived, there is a wide variance between different domains and different areas. No Lower Level Super Output Areas (LSOAs) in Barnet fall within the ten per cent most deprived nationally, six fewer than 2007. However, 35 of 210 (16.67 per cent) rank in the lowest ten per cent on at least one domain.

The two domains which have shown the greatest decrease in relative deprivation are *Barriers to Housing and Services* and *Health Deprivation and Disability*. In part the **housing domain** improvement is likely to be a change in the how data has been defined since the last release.⁸ No changes have been made to the methodology for the **health domain**. However, this is a complex weighted measure in part based on prescription data.⁹

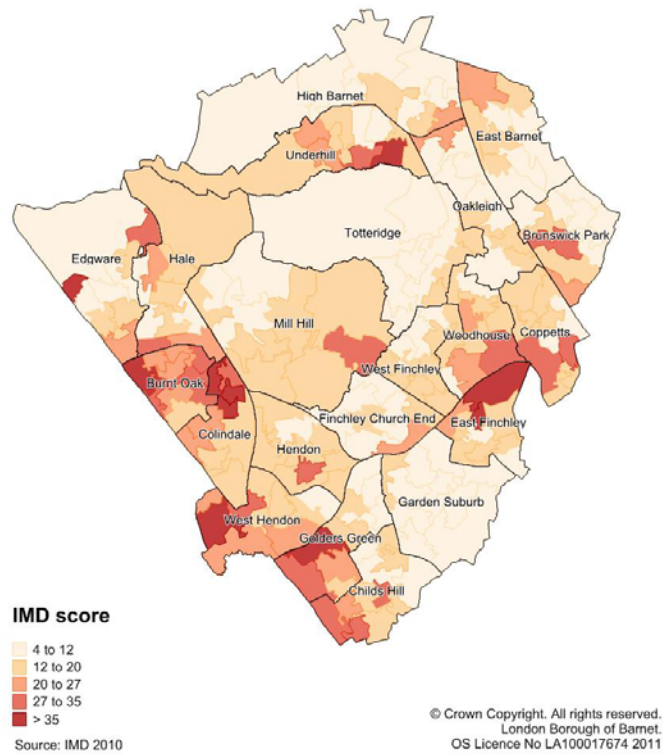
⁶ These figures paint only a partial picture, since they do not take into account non-working individuals or those who have been awarded citizenship from another European country before entering Britain.

⁷ GLA Intelligence 2010 Round Ethnic Group Projections adjusted to fit Barnet Hybrid Population Model

⁸ LB Barnet Business Intelligence Team, Deprivation in Barnet: results from the English Indices of Deprivation 2007, <http://www.barnet.gov.uk/deprivation-in-barnet.pdf> pgs 6-7

⁹ CLG, English Indices of Deprivation 2010: Technical Report, <http://www.communities.gov.uk/documents/statistics/pdf/1870718.pdf> pgs 25-31

Deprivation in Barnet, 2010



The Coalition has recently published both a **Social Mobility Strategy** and a **Child Poverty Strategy**, which have a strong focus on transitions at key life stages and on improving outcomes for children from the most deprived backgrounds.¹⁰

¹⁰ Full analysis of the ID2010 will be available shortly.

Customers and citizens

Customer information

In the 2010-11 financial year, the Council received an estimated **1.5 million** phone calls, **21,000** emails and **1,100** letters from residents.

Our call centre data for most Council services indicates that the number of daily phone calls has generally decreased over the past year. This may be attributed to a **channel shift** of some users towards the self-service features of the Council's website. Integration of the Council's website with *fixmystreet.com* and the use of web forms means that residents are more able to engage with the Council at a time that suits them. Conversely, there has been increased call centre activity for Registrars and Housing Benefit enquires. This may be due to recent changes to the Housing Benefit system and marriage legislation, but also reflects the more traditional contact preferences of the communities using these services.

Mosaic profiling of customer data indicates that households found in the west of the borough – where the majority of population growth and migration is taking place – have a lower inclination to use self-service tools.¹¹ Barnet's more commonly found Mosaic Groups are much more receptive to new methods of engagement over traditional means.

Channel shift will be easier to achieve for service areas whose main customers (or a large proportion of them) have a preference to using self-service tools, for example Council Tax and Parking.

What do customers think?

During spring 2011, local public services conducted a **Residents Perception Survey** to improve understanding of the opinions and priorities of local people.¹² The local services with which customers are **most satisfied** are refuse collection (81 per cent), street lighting (75 per cent), recycling facilities (73 per cent), doorstep recycling (72 per cent) and public transport (64 per cent). Just over half of respondents (55 per cent) cited that they were satisfied with the service they received when contacting the Council. Conversely, repairs of roads received the **most critical** assessment from respondents (51 per cent), followed by parking services (44 per cent) and quality of pavements (43 per cent).

Compared to 2007-08, six service areas have experienced a downward trend in satisfaction ratings: repairs of roads (-25 per cent); quality of pavements (-11 per cent); collection of Council tax (-8 per cent); social services for children's and families (-6 per cent); parking services (-5 per cent) and social services for adults (-4 per cent).¹³

What do residents care about?

According to the latest Residents Perception Survey, the issues that are of **most concern** to Barnet residents are:

¹¹ Mosaic is a geo-demographic tool which uses modelled data to profile populations into character Groups, allowing the development of services that reflect the preferences and needs of a given community.

¹² This survey took the form of 2,400 telephone interviews across a demographically representative sample. Further information on the methodology and findings of the consultation can be found online at <http://engage.barnet.gov.uk>.

¹³ Comparing the 2010/11 Residents Perception Survey to the 2008/9 Place Survey

- Condition of roads and pavements (31 per cent)
- Crime (29 per cent)
- The economy – rising prices / interest rates, lack of jobs (27 per cent / 24 per cent).

Concern about Crime is a recurring theme for Barnet's residents as seen in the previous Place Survey (2008-09), but the economic concerns are significantly elevated this time around reflecting the change in national consciousness. The roads and pavements option was introduced for the first time in this survey, so trend analysis is not yet available.

Participation and localism

Barnet residents feel less involved in Council decision-making than residents of other London boroughs (39 per cent versus 50 per cent) and 60 per cent of citizens believe that the Council does not listen to their concerns. However, a greater proportion of residents are satisfied with opportunities for participation than in previous years (50 per cent versus 29 per cent in 2008-09).¹⁴

The **local blogging community** has expanded during 2010-11. In the last six months, almost 1,000 stories about Barnet have been posted on local blogs, and roughly 300 **tweets** make reference to Barnet (the Council, the place or other areas within the borough) every day.¹⁵

An active and involved citizenry should be regarded as a valuable asset. The challenge for the Council and its partners is how to engage productively with residents to develop a balanced dialogue using new channels.

¹⁴ Residents Perception Survey 2010/11

¹⁵ Hyp3rlocal: <http://tr3ndy.ixishosting.co.uk/>

A successful London suburb

Housing capacity and population change

Barnet's population over the next decade is in part a direct consequence of the extensive regeneration programme being conducted across the borough. There are currently five major redevelopment sites within Barnet as well as the new Town Centre project at Brent Cross, Cricklewood.

Scheduled to be completed by 2026, these combined projects expect to deliver an additional **28,500 homes** within the borough and the new town centre at Brent Cross Cricklewood will create of over **22,500 new jobs**. Assuming current timescales are met, by 2012, regeneration will have delivered 194 new homes in **West Hendon**, of which 43 will be affordable. By 2016, 795 new homes will have been completed in **Grahame Park** – a net gain of 598 new homes in Grahame Park, of which 8.4 per cent will be affordable. By March 2017, all units will have been built in **Stonegrove and Spur Road**, of which 479 will be affordable – a net increase of 396 properties.

Housing structure and demand

The Department for Communities and Local Government have produced some basic long-term projections for household structure and size.¹⁶ These suggest a 69 per cent (+33,000) increase in the number of **single person households** in Barnet by 2033, echoing the trend across London.¹⁷ This means that by 2033 43 per cent of all Barnet households are expected to be occupied by single persons, compared to just 25 per cent in 2008.

However, the fastest growing household type is **Lone Parents**, with 82 per cent more households of this type projected by 2033 (+9,000), resulting in a rise from 8 per cent to 11 per cent of all households between 2008 and 2033. London is already proportionally over represented in this category and the projected rise, if correct, will make it even harder to reduce the proportion of children living in poverty in London.

Whilst there is a total increase of 12 per cent in households composed of a **couple with and without other adults**, these types are diminishing in their overall proportion (from 48 per cent to 39 per cent).

As a result of these changes, the **average household size** is projected to fall, both nationally and in London. Starting from 2.33 at 2008 in both England and London the fall in England is faster than projected for London, reaching 2.16 by 2033 compared with 2.19 in London. This difference is largely a function of London's population having relatively fewer persons over retirement age; a group that tends to live in smaller households.

Barnet's recent housing developments differ from the **housing stock** historically found within the borough; over 80 per cent of new homes in Barnet are flats and of these less than ten per

¹⁶ DCLG, 2008-based household projections to 2033 for England and the regions, published 26 November 2010. Available to download from <http://data.london.gov.uk>

¹⁷ Projections with shorter horizons are not available.

cent have three or more bedrooms.¹⁸ New developments are being marketed at a younger cohort of individuals than those typically found within the borough. The focus is on small apartment style living with good amenities for shops and entertainment, along with strong transport infrastructure – in short, painting Barnet as ideal **commuter territory** for professionals working in central London or asset rich older people looking to downsize to a high-status apartment.

However, anecdotal insight has revealed that due to the high cost of housing in Barnet, many of these single person flats have in fact been bought by couples and young families, placing unexpected burden on local amenities such as schools. Likewise, there is on-going demand for social housing capable of accommodating larger, multi-generational families. There are some programmes in place to encourage housing associations and disadvantaged residents to benefit from these new developments, but the reality is we have little control who buys the new stock. The risk is that new houses intended to raise existing residents out of poor conditions will be snapped up by others, keeping housing out of the reach of the average resident and alienating those displaced by the regeneration programme.

The other factor to be considered is the impact of the Government's proposed **changes to Housing Benefit** (including the cap on rent allowance). It is hard to forecast the exact scale of this impact but there is a risk that the local housing service may face pressure for accommodation from those no longer able to afford housing in the central boroughs.

Changes to national planning policy

Following the 2011 Budget, the Government is consulting on simplifications to the process for **converting commercial properties for residential use**. If these changes go ahead, it may create additional housing stock to meet local housing demand but could also impact Council revenues from planning charges and the availability of affordable commercial premises for local businesses.

Although the national economy remains weak, Barnet has a history of **entrepreneurialism and enterprise** which needs commercial space to grow. As if to illustrate this reality, after a 2.8 per cent fall in the number of active businesses at the start of the recession (2005 compared to 2007), there was a 4.3 per cent increase in new start-ups 2007-8.¹⁹ While additional housing capacity promises to provide wealth to some and homes to others, there is a risk that overzealous commercial to residential conversions could hinder the local economy, forcing new businesses and their benefits over the border into other boroughs.

Employment and economy

In the year to September 2010, 69.2 per cent of the Barnet population was in **employment** – slightly above the London average (68.0 per cent) and just below the national average (70.4 per cent). Five years earlier, in the year to September 2005, employment in Barnet was marginally higher at 70.4 per cent, against 68.4 per cent in London and 72.8 per cent nationally. During that same period, the rate of self-employment has risen from 13.6 per cent in 2005 to 15.9 per cent in 2010 – the highest rate in five years. Across the capital, **self-**

¹⁸ LDF Annual Monitoring Report, 2010

¹⁹ ONS, Business Demography 2009: Count of Active Businesses, 2004-8

employment has stayed largely unchanged at 10.8 per cent in 2010, up from 10.6 per cent in 2005.

In terms of **occupations** of local workers, the majority of residents are employed as *professionals* (including senior and associate professionals). This group represents 58.0 per cent of local workers, higher than the London and national averages. The proportion of *senior managers and professionals* locally has fallen since 2005 (from 20.6 per cent to 15.1 per cent), but ordinary professionals have seen a corresponding increase from 19.4 per cent in the year to September 2005 to 16.4 per cent in the year to September 2010.²⁰ This shift towards more junior professionals is also reflected in the displacement of **affluent senior executives** by younger, **educated high-achievers** as Barnet's dominant Mosaic Group.²¹

By contrast, latest **unemployment** figures (that is to say, people actively but unsuccessfully seeking work) reveal that a greater proportion of Barnet's population are struggling to find work than almost any time in the last half decade. In the year to September 2010, 7.4 per cent of the local population was believed to be unemployed – below the London average (8.9 per cent) but up from the equivalent period in 2005, when local unemployment stood at 6.7 per cent.²² Meanwhile, the proportion of Barnet residents employed in *elementary occupations* (that is to say, the most basic positions) almost doubled between 2005 and 2010 (3.8 per cent against 6.4 per cent).²³

The median **household income** in Barnet is £36,200 (2011), almost £2,800 above the London median of £33,400.²⁴ Since 2006, household income in Barnet has increased faster than the London average – by 28 per cent (£7,900) compared to 18 per cent (£5,200). In 2011, 5.3 per cent of local households received incomes of £100,000 or more, compared to 3.8 per cent in 2008. However, there has also been a recent rise in households earning £5,000 to £15,000.²⁵

Is the economic footprint of town centres changing?

Some of Barnet's town centres have been significantly affected by the recession, with a particular rise in **retail vacancies** in Edgware, Brent Street (Hendon) and New Barnet (2003-10).²⁶ Elsewhere in the borough, restaurants, cafes (A2) and financial service outlets (A3) have expanded at the expense of traditional retailers (A1).²⁷ This may be explained in part by the ongoing popularity of large shopping centres like Brent Cross and Westfield, as well as the rise of internet shopping.

There may be opportunities for improving the economic vitality of Barnet's town centres though additional investment available via the **London Town Centre Renewal Initiative**. This £50m Mayor of London project aims to redistribute the direct economic advantages that boroughs hosting the 2012 Olympic Games and new CrossRail stations will receive, to those parts of London benefiting less directly from them. It will aim to support the improvement of

²⁰ NOMIS, ONS Annual Population Survey

²¹ Experian, Mosaic Public Sector 2010 (legacy)

²² NOMIS, ONS Annual Population Survey

²³ NOMIS, ONS Annual Population Survey

²⁴ CACI Paycheck Data, unequivalised. Median income used for comparability to GLA Intelligence outputs.

²⁵ A more detailed report on Barnet's local economy can be found in *Barnet Economic Insight*, available online shortly.

²⁶ PHR, Barnet town centre survey analysis, August 2010

²⁷ PHR, Local Development Framework: Annual Monitoring Report, 2009/10

current local businesses districts, and the develop local retail, leisure, culture and arts provision for the community.

Sustainability and Waste

Recycling rates in Barnet are marginally higher than the London average; in 2009-10 Barnet's recycling rate was **33 per cent**, ranking it 14th in London and one per cent higher than the regional average. While Barnet continues to have slightly higher recycling rates than most neighbouring boroughs, Harrow achieved a 46 per cent recycling rate last year.

While recycling rates have seen a vast improvement in the past ten years, rising from eight per cent in 2001-2 to 33 per cent in 2009-10, much of the success behind the increase can be put down to providing new recycling opportunities. The introduction of tin can and green waste recycling in 2001 and compulsory recycling of bottles and cans introduced in 2006 both provided opportunities to increase the percentage of recycled waste.

Developing local infrastructure

With the vast amount of redevelopment that is taking place within the borough, there is an expectation that traffic and number of vehicles on the road will also increase. Current trouble spots and areas surrounding redevelopment sites are being reviewed to ensure that Barnet keeps moving. Over the next five years there will be major **junction improvement works** taking place in and around Colindale and Graham Park, a full redesign of Henley's Corner and many more junctions around the borough where peak time congestion is already causing problems.

A number of public transport projects are underway, with the **Northern line** undertaking improvements which will allow increased capacity and speed of service, and also to the Thameslink line where improvements will allow more trains per hour. **Bus routes** will be modified to deliver service to new areas and station redesigns will provide better access and facilities. These projects will be vital to ensure sufficient transport links are provided as pressure will be increased from growth of Brent Cross and Colindale areas.

Increased use of **utilities** is to be expected as more homes are built, and ensuring that demand can be met is a critical part of large planning applications. Mill Hill East will require significant improvements to the surrounding gas, electricity and water infrastructure. Other services will continue to be improved across the borough, notably the Installation of **Superfast Broadband** by BT and Virgin Media. This resource will enable Barnet to remain competitive for Small and Medium sized enterprises, as well as keeping up with demands of homeowners. The Council will also aim to double the number of small-scale domestic/local **electricity generation** by 2020 (to 15GW nationally).

Strong and safe communities for all

Barnet is regarded as a safe borough to live in; it currently has the ninth lowest level of reported crime in London and the total reported crime per capita has fallen by 20 per cent over the past ten years.²⁸ Despite this downward trend however, some aspects of crime continue to grow and with a projected growth in population and a reduced budget, there are several strategic facing the Council and its partners over the coming years.

The 2011 **Safer Communities Strategy** outlines that the Council and its partners will continue to aim to reduce the total number of offences within the borough, as well as focus on the crimes that are most damaging to the community and have greatest impact individuals, namely:

- Acquisitive crime with a focus on Residential Burglary
- Anti-Social Behaviour
- Violent Crime with a focus on Domestic Violence.

Crime trends

In the last financial year overall crime in Barnet has remained level (April 2009 - March 2010). However, this masks changes within individual crime types. Of greatest concern is **Residential Burglary**, which is at a five year high and now represents 11.6 per cent of recorded offences in Barnet (Total Notifiable Offences, TNO) compared to approximately 10 per cent in the two years prior and 8 per cent during 2006-07 and 2005-06.

Other crime types have seen significant **proportional increases** in the last 12 months. However the **actual** numbers of these offences are relatively minimal:

- Rape (164.1 per cent, 39 offences last year to 103 this year) – 0.4 per cent of total crime
- Knife crime (19.1 per cent, 340 offences last year to 405 this) – 1.5 per cent of total crime
- Other serious sexual offences (17.4 per cent, 115 offences last year to 135 this).

The **largest reductions** in reported crimes were for:

- Hate crime (-31.8 per cent reduction last year, 448 offences down to 298)
- Most serious violence offences (-29.3 per cent reduction, 290 offences down to 205)
- Theft of Motor Vehicles (-17.1 per cent reduction, 1,006 offences down to 834).

In terms of volume of reported offences, theft of motor vehicles (now only 3 per cent of Barnet offences), thefts from motor vehicles (now only 11.4 per cent of Barnet offences compared to 13 per cent the previous year), **Domestic Violence** offences (now only 5 per cent of Barnet offences) and Racist offences (1 per cent of Barnet offences) are at a five year low.²⁹ However, there is concern that in the case of Domestic Violence, this low represents **under reporting**, rather than actual decline so remains a significant concern for local safety.

²⁸ Safer Communities Strategy 2011 Draft document currently undergoing departmental review

²⁹ Barnet Crime, Disorder and Substance Misuse Strategic Assessment, 2010 refresh

Children and Young People

The **peak victim age** in Barnet is for individuals aged between 13 and 18 years old, with the majority of instances relating to assault and robbery. The risk of becoming a victim of crime as a younger individual is twice that of people in their 30s and for some offence types the victimisation rate is even greater – a male aged 13 to 18 years is around 12 times more likely to be robbed than a male in his 30s.³⁰

Furthermore, the **peak age for offenders** in Barnet is for 16 to 22 years old and there has been a number of emerging gangs and youth peer groups involved in robbery. This has repercussions for long term crime prevention; many repeat offenders are drawn into relatively low level crime and anti-social behaviour from an early age. If their offending is not checked there is a risk they progress into being more serious offenders who are part of organised criminal networks. **Early intervention** will be important in making sure that many of these young offenders do not continue to become entrenched in crime.

As the population of young people is set to increase and if these trends are set to continue, we can expect there to be higher numbers of individuals becoming both offenders and victims over the coming years.

Perceptions of Safety

Preliminary results from the 2010-11 Residents Perception Survey suggest that public concern about anti-social behaviour has fallen, particularly in relation to ‘teenagers hanging around the streets’. However, with a significant cohort of local boys entering their teenage years over the coming half decade (+9.8 per cent aged 10-14) it is possible that this positive trend will reverse. This spike in teenagers is particularly significant in West Hendon (+23.4 per cent), Edgware (+15.9 per cent) and Finchley Church End (+12.7 per cent), where the increases are above both the ward and borough growth rates.

Safeguarding

More children are being brought to the attention of **children’s social services** and are subsequently being assessed to determine if they are in need or at risk and the services they may require. Between July and September 2010, Barnet Children’s Service received 842 referrals, carried out 706 initial assessments and 183 core assessments. This was almost twice the number of referrals and initial assessments, and six and half times as many core assessments as during that same quarter in 2006.³¹ Likewise, referrals into the **Adults Safeguarding Team** have increased steadily over the last few years, from 289 in 2007-08 to 420 in 2009/10, reflecting focused efforts to raise awareness of the service and improve procedures.³²

The increase in children’s social care activity is placing increasing pressure on resources. More assessments are required, and there has been a significant increase in the number of care proceedings. A Family Justice Review is currently underway, which may help to address some of the weaknesses in the current court system.

³⁰ Barnet Crime, Disorder and Substance Misuse Assessment 2010

³¹ Barnet Children and Young People Profile 2010

³² JSNA 2011

As health and social care services come under increasing pressure (due to rising demand and falling resources), it will be essential that local public services continue to invest in protecting the most vulnerable residents against harm.

Barnet's Big Society

72 per cent of residents feel a strong **sense of belonging** to their local neighbourhood – significantly more than in 2008/09 (57 per cent, +15 per cent). However, this sense of belonging is attached more to their immediate neighbourhood than the wider borough of Barnet (64 per cent, - 8 per cent).³³

Nearly two thirds of respondents (64 per cent) agree that people pull together to help improve their local area and in the last twelve months around a quarter of respondents (24 per cent) say they have got together with others to help improve their local area.

CommUNITY Barnet has identified around 1,000 local **community and faith-based organisations** which are active in Barnet's Big Society, fuelled by 40,000 local volunteers.³⁴

Evidence shows that new organisations are springing up all the time, especially among Barnet's new communities.

Barnet has already begun the process of partnering with the third sector to prototype innovative **Big Society solutions**, including the Community Coaches Programme, PledgeBank and the Strawberry Vale interns funding through Connecting Communities. Over the coming years, we need to build on these small steps to develop models that enable residents to be more independent thereby delivering lasting social change, not simply social services. One tool in our efforts to achieve this will be the creation of the **Barnet Innovation Bank**, which is offering £600,000 over the next three years to support the development of innovative Big Society solutions.

With an acknowledged growth in the older population, there will be an increasing number of **retired professionals**. This represents an opportunity to harness the experience and capacity of this group to support the development of local civil society.

³³ Residents Perception Survey 2010/11. The survey is undergoing a QA process and results are not final

³⁴ CommUNITY Barnet, On Your Doorstep, 2010

Independent and healthy living

Barnet residents enjoy better than average health and higher life expectancy. However, this experience is not universal across the borough and there is a seven year difference in life expectancy between the most deprived and most affluent areas. Moreover, with a growing population, limited resources and changes planned in the provision of health services, there are a number of challenges facing Barnet. Further details can be found in the [2011 Joint Strategic Needs Assessment](#).

Implications of demographic change

Barnet's rising local population (especially at the youngest and oldest extremes) will place pressure on all health and social care services, with a number of implications for health and wellbeing.

The projected increase in children, especially **5 to 9 year olds** will place demands on health, social care and education services. In addition to the general increase in children, improved survival rates also means that there will be more children with complex needs which need supporting.

45-64 year olds – another expanding age group – are most at risk of developing long-term conditions, including obesity, raised cholesterol, high blood pressure, diabetes, stroke and heart failure.

While many **older people** are living independent lives, many will be dependent on care provided by family or public services. Over the next five years, there will be 3,250 more residents aged over 65 (+7.4 per cent) and 783 more residents aged over 85 (+11.3 per cent). Both of these increases are above the average growth rate (5.5 per cent). In addition to the traditional health risks of old age, **dementia** is a particular issue that we can expect to see increase in prevalence as more people live into old age.

Different communities have differing health needs and susceptibilities. Over the coming years, Barnet is forecast to become **increasingly diverse** (from 33.1 per cent non-White in 2011 to 35.0 per cent in 2016), creating new and complex health needs.

Increases in the total population and improvement in medical expertise means that the number of residents with **complex needs** is likely to increase over the coming years. There are an estimated 4,600 people ages 18-64 in Barnet with a **serious physical disability**, of which 1,700 are predicted to have a serious personal care disability. By 2015 this group is estimated to increase by around five per cent (in line with total population growth). By contrast, the number of residents over 65 with serious physical disabilities is forecast to increase by ten per cent over the same period – twice the average rate of growth.

Additionally, there are an estimated 5,360 residents aged 18-64 with a **learning disability** in Barnet. People with learning disabilities are more likely to have significant health risks and major health problems, and are more likely to be exposed to poverty, poor housing conditions, unemployment, social disconnectedness and discrimination. However, evidence

shows that these vulnerable residents also fail to receive appropriate screening and advise for other health and lifestyle conditions. Improved survival, rising birth rates and growth among communities at higher risk of learning disabilities all mean that this is likely to be an area of growing need locally.

Specific health trends

While medical expertise continues to advance, some health issues remain significant obstacles. These may be exacerbated by changes in lifestyle, the economic climate and the local population profile.

The incidence of **cancers** is showing a downward trend in Barnet. However we should not be complacent as this remains a significant health issue and as life expectancy and the number of older people increases, so the number of cancers diagnosed locally each year is likely to increase. Although mortality remains relatively low, improving take-up of **screening** (particularly breast screening) could ensure that more cancers are identified and treated earlier, improving outcomes for residents.

In 2009-10, 3,650 people were registered as having **chronic obstructive pulmonary disease** (COPD) on GP lists in Barnet. Although death rates from COPD are generally falling, it is estimated that there are as many undiagnosed cases as there are diagnosed. A challenge for the coming years is how to identify more incidences of COPD and sooner, thus reducing the reduce severity of its impact of the patient and public services.

Reductions in smoking and improvements treatments for heart attack and stroke mean that death rates from **cardiovascular disease** (CVD) have improved in recent years and prevalence is lower in Barnet than nationally. However, the problem of **obesity** and the growth in Barnet's middle aged population mean that we can expect more people to be at risk of CVD than before. Without active steps to help people to reduce lifestyle risks then the downward trend in death rates is likely to reverse.

Almost 25,000 Barnet residents aged 18 plus are **obese**. Although this represents a lower prevalence than nationally (6.8 per cent versus 24.5 per cent) it is still a significant number, especially considering that those who are obese are at greater risk of premature death and are more likely to suffer from conditions such as diabetes, heart disease, hypertension, stroke, cancers, musculoskeletal diseases, infertility and respiratory disorders. Among the younger population, obesity is more of an issue, with 17.7 per cent of Barnet children Year 6 considered obese in 2009/10 and 10.7 per cent of Reception classes. Tackling obesity is an important step towards slowing the rising prevalence of diabetes locally.

Nationally and locally, the prevalence of poor **mental health** is numerically significant but often overlooked; during 2009-10, there were almost 23,000 residents suffering from depression recorded on local GP lists. Even taking death from suicide into account, people suffering from poor mental health tend to have poor physical health and die young. Poor mental health is also associated with personal and social problems, such as someone's ability to go to work and stay in employment. In Barnet, almost half of all Incapacity Benefit claimants are receiving benefit due to mental health issues (4,040 people). With ongoing

economic uncertainty and changes to the benefit system, it is important that mental health is adequately understood and managed.

Independence

With the increased pressures from a burgeoning population and reduced financial resources, it will be essential to **enable more people to manage their own health** responsibly.

Immunisation is second only to a clean drinking water supply as a way of improving and maintaining the health of the population. Take-up of the MMR vaccine has increased in recent years following some ten years of significantly low take-up. Among adults, take-up of the flu vaccine is equally important but has seen a decrease in recent years. Promoting the importance of immunisations through schools, community and faith groups might support improved vaccination rates going forward.

With the rate of alcohol related admissions to local hospitals more than doubling between 2004-05 and 2009-10, **alcohol misuse** is an expensive habit for both the misuser and public services. Educating the public about responsible consumption would reduce the cost and social burden on the health, social care and criminal justice systems.

Tobacco use is the most important preventable risk factor for death from cancer and cardiovascular disease, making **smoking cessation** the most significant *secondary* disease prevention measure. Even though Barnet's smoking prevalence is one of the lowest in London, there remain some 62,300 smokers in the borough. Supporting pregnant mothers to stop smoking is especially important, as **smoking during pregnancy** is estimated to contribute to 40 per cent of all infant deaths, a 12.5 per cent increased risk of a premature birth and a 26.3 per cent increased risk of intrauterine growth restriction.

Commissioning informed by insight

In addition to helping residents improve their own health, there are several ways that we can ensure that our limited resources are best used. In a time of financial shortage, it will simply not be possible to meet every demand on the health and social care services. In light of this, it will be essential to **prioritise need and manage demand**. Services must be commissioned based on evidence to tackle the areas of greatest need and where the investment is most cost effective – for example the pockets of deprivation. In most cases, **identifying problems early** can reduce the severity and burden of the problem on both the individual and the state.

In light of this there should be a continued, reinvigorated emphasis on prevention. Where possible, this preventative action may be delivered through **innovative solutions** which tackle the underlying causes of health and wellbeing problems in partnership with the community and faith sector. Increasing choice for residents around their care, for example through the use of personal budgets is likely to become more important. This was a key area for development identified in the Disability and Special Education Needs green paper (March 2011).

Investing in children, young people and their families

Increasing birth rates

Over the past ten years the number of annual births in Barnet has increased by 28 per cent - there are now close to **5,300 live births** in the borough each year. This rate of increase is far higher than found in other London boroughs, where numbers of newborns have risen by only 23 per cent and nationally where numbers born have increased by 17 per cent.³⁵

Interestingly, while the numbers of births has increased faster than London, the actual birth rate of the borough (the number of births per 1,000 people) is still at a similar level; Barnet's General Fertility Rate is 70.4, whereas London's is 69.6.

The number of **under 10s** in the borough in 2011 is estimated at 47,000 individuals, making up 13 per cent of the borough's total population. As this group ages we can expect increased pressure on Council and other public services, and we are already experiencing increased pressure on reception and primary **school places**. The annual number of children in Barnet **primary schools** (including nursery classes in these schools) had been fairly constant at around 26,000 per year until 2007, but by 2010 the population of primary school places had risen by an additional 1,200 individuals, or five per cent overall.³⁶ Meanwhile, the population in local **Reception classes** has grown by 16 per cent since 2006/7. The latest projections based on births, migration trends and regeneration plans for the borough show that demand for primary school places will continue to increase, and a programme of investment is being developed to ensure that there is sufficient space in our primary schools to accommodate these children.

Over the same time period, **secondary school populations** have only increased by some 300 places. Although it may reasonably be expected that not all children in the local school system today will remain in Barnet throughout their education, we can expect to see an impact on secondary school populations as this younger cohort enters the first stages of secondary education. Current projections indicate that additional Year 7 places will be required by September 2015. There is likely to be further demand for education in sixth forms and colleges as the participation age (the age until which young people must be in education or training) is due to rise to 17 by 2013 and to 18 by 2015.

Successes and attainment

The number of individuals obtaining good passes for their GCSEs in Barnet is continuing to increase each year; In 2010, 66 per cent of Barnet students obtained 5 GCSEs at A*-C (including English and Maths), higher than both national rates and those of statistical neighbours.

Children who typically do less well with these forms of assessment also do significantly better in Barnet than elsewhere:

³⁵ Office for National Statistics Birth Statistics: <http://www.statistics.gov.uk/statbase/Product.asp?vlnk=14408>

³⁶ Profile of Children and Young People in Barnet, November 2010

- 21 per cent of children with **Special Educational Need** achieve 5 GCSEs at A*-C compared with only 15 per cent nationally³⁷
- 34 per cent of children receiving **free school meals** achieve 5 GCSEs at A*-C compared with only 27 per cent nationally.³⁸

Although those children and young people who may require more support achieve significantly higher than national averages, it remains a challenge to narrow the attainment gap between these children and their higher-achieving peers in Barnet schools.

Since 2005 there has been a steady increase in the percentage of pupils who speak **English as an additional language** in Barnet schools; 43 per cent of pupils in primary schools and 39 per cent of those in secondary schools speak another language at home.³⁹ Despite this, reading ages for Key Stage One children in the borough are similar to those found across London and nationally. The recent **Libraries Review** supports the view that providing excellent facilities for early stages literacy and reading skills is a priority and funding will continue to support early stage learning.

Further and Higher Education

The number of students studying at **Middlesex University** is increasing, with 11 per cent growth between 2007 and 2009 across their London campuses. As part of the deficit reduction plan, the Government has placed caps on undergraduate admissions, but it is not known for how long these limits will last. As a result, it is hard to forecast the future student population. However, plans to consolidate Middlesex University's facilities into the borough will concentrate the existing student population, even if it does not expand significantly over the coming years. Likewise, the university's commitment to offering students at its overseas campuses a season in London will continue to inform the multi-ethnic character of Barnet.

Between 2009-10 and the current enrolment for 2011-12, the student population at **Barnet College** expanded by just over 4 per cent. This includes a 40 per cent increase (+2,000) among students aged 16 to 18 and an 11 per cent (-1,300) fall in students over 18.

Fostering and children in need

As at March 2010, just over 2,000 children in Barnet were considered '**children in need**' (requiring services under section 17 of the Children Act 1989). This is usually because they have additional needs requiring integrated targeted support, for example there may be a high risk of family breakdown. Over 300 children are currently in care of the local authority.

As is the case nationally, Barnet finds it a constant challenge to recruit enough **foster carers** to support the children that enter into its care. This means that some children have to be placed out of borough with other care organisations. This is difficult for the children, who may be placed far away from social and other ties, and it is also a costly solution; placing a child outside of the borough requires almost twice the maintenance allowance of housing them with a Barnet family.

³⁷ National Indicator 105 Special Educational Needs 2009

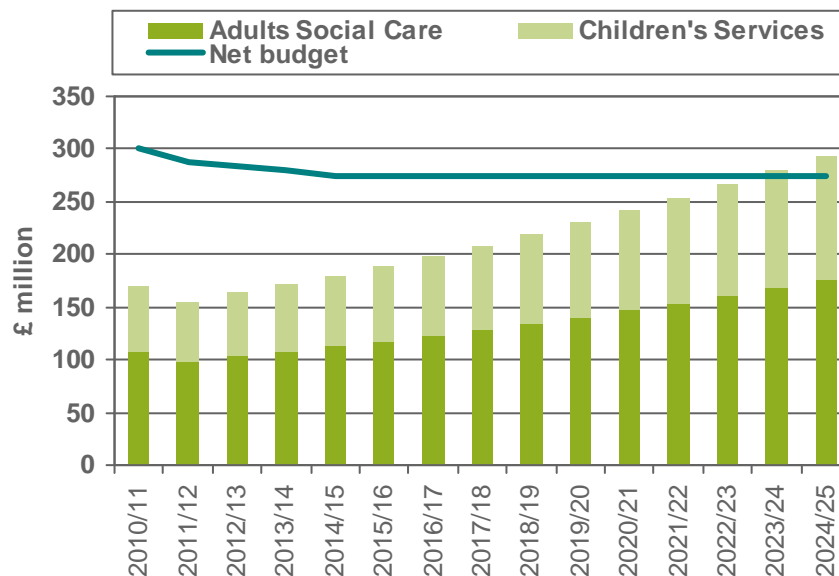
³⁸ National Indicator 102 Free school meals 2009

³⁹ School Census, January 2010

With an increasing young population and a sustained rise in the numbers being referred to children's social services, there is a high possibility that the number of children taken into care may also continue to rise in the coming years. In order to help reduce this possibility, the Children's Service is investing in **early intervention and prevention** to improve the identification of those at risk and work with families to address problems before they escalate. There has also been an increased national focus on early intervention and prevention, with Graham Allen review (January 2011), which emphasised the importance of the early years and evidence-based early intervention programmes.

Conclusions

Three key themes emerge from this review. Firstly, there is an urgent need to identify ways to **mitigate the cost pressures** related to the rising child and older adult populations. Based on a crude projection, if current spend on these areas rises in line with population growth and overall budgets are reduced in line with central government deficit reduction plans, the Council will have no money for any other services by 2023/4.⁴⁰



The second key theme is to **get the basics right**, that is to say, understanding what our residents want. We need to get our service delivery in order and ensuring that we are concentrating our limited resources on issues that are of greatest concern to citizens. In the language of One Barnet, this is about valuing our residents' time highly enough that we invest our time making accessing services as simple and pain-free as possible. This is not all about flashy new websites and gadgets – boring but broken processes need attention too.

The third and final theme is about **managing growth to keep Barnet successful**. If the second theme is about residents want, this one is about what the community needs. With a rising population, effective demand management will be vital. In a time of financial constraint, this is likely to require agile and innovative solutions delivered in collaboration between partners and the third sector. Courage and organisational humility will be essential for us all to work better together as we seek to prototype new models of service delivery, learn from each other's strengths, and make difficult decisions about the future of local public services.

⁴⁰ The Insight Unit are collaborating with Finance to develop a more detailed projection for use in discussion with the Treasury.

Further reading

Sustainable Community Strategy

<http://www.barnet.gov.uk/community-strategy>

Joint Strategic Needs Assessment (Health and Social Care)

http://engage.barnet.gov.uk/consultation-team/jsna2011/consult_view

<http://www.barnet.gov.uk/joint-strategic-needs-assessment>

Safer Community Strategy

<http://www.barnet.gov.uk/community-safety>

Children and Young People's Profile

<http://www.barnet.gov.uk/children-and-young-people-profile-2010.pdf>

Local Development Framework, Annual Monitoring Report

<http://www.barnet.gov.uk/annual-monitoring-report>

On Your Doorstep (Report on the Third Sector in Barnet)

http://www.communitybarnet.org.uk/data/files/oyd_master_file.pdf

Residents Perception Survey, 2010-11

http://engage.barnet.gov.uk/consultation-team/residents_perception_survey/consult_view

Agenda Item 5, Appendix 2

Medium Term Financial Plan	2011/2012 £000	2012/13 £000	2013/14 £000	2014/15 £000	Total
Budget brought forward		288,325	284,498	285,263	
Statutory/cost drivers					
Inflation (pay)		873	2,361	2,361	
Inflation (non-pay)		3,007	3,057	3,057	
NLWA levy		2,713	1,000	1,000	
Capital financing costs		2,250	2,250	0	
Statutory/cost drivers sub-total		8,843	8,668	6,418	
Central Expenses					
Housing benefit changes					
CT Base - Long Term Empty Discounts			1,000		
Contingency		1,702	1,551	3,000	
Full year effect of 2010/11 savings		(59)	(17)		
Central Expenses sub-total		1,643	2,534	3,000	
Balances to/(from) reserves					
Specific reserves contribution 2011/12	3,996	(4,010)			
Specific reserves contribution 2012/13		1,981	(1,981)		
Specific reserves contribution 2013/14			1,981		
Reserves sub-total		(2,029)	0	0	
Total Budget requirement (net expenditure)	288,325	296,782	295,700	294,681	
New Formula grant funding					
New Formula Grant	99,505	90,635	90,454	85,117	
New Formula grant sub-total	99,505	90,635	90,454	85,117	
Council Tax					
Council tax	155,466	159,353	163,337	167,420	
Council Tax grant	3,849	3,886	3,886	3,886	
Core grants					
Early intervention grant	13,171	14,043	12,540	12,214	
Homelessness grant	700	700	625	609	
PFI credit	2,235	2,235	2,235	2,235	
HB and CT Admin	2,960	2,960	2,643	2,574	
Learning disabilities	10,439	10,686	9,543	9,295	
Other funding sub-total	188,820	193,863	194,809	198,233	
Total Income from grant and Council Tax	288,325	284,498	285,263	283,350	
Budget Gap before savings	(0)	12,284	10,437	11,331	34,052
Savings (from March budget report)		(13,084)	(11,237)		(24,321)
Recommended pressures (from March budget report)		800	800		1,600
Budget Gap after savings		(0)	0	11,331	11,331

Notes/changes from March 2011 position:

1. Final "core grant" figures for 2012/13 now confirmed and included, resulting in an additional £512k available in the budget. This

2. More pessimistic assumptions included for 2013/14 "core grant" figures following detailed analysis of spending review tables (£1.6m less funding). The contingency provision has been reduced by £1.6m so there is no effect on the bottom line

3. 2014/15 year added to the model, with assumptions in line with spending review

4. Provision for additional costs in respect of concessionary fares removed from model

Start	End	Business Planning timetable
Stage 1 identification of strategic context and resource gaps		
28/06/2011	28/06/2011	CDG to discuss strategic context for business planning
06/07/2011	06/07/2011	Cabinet Briefing to discuss strategic context for business planning
14/07/2011	14/07/2011	Cabinet Awayday
26/07/2011	26/07/2011	Cabinet to agree strategic context for business planning
22/09/2011	22/09/2011	Budget and Performance Overview and Scrutiny Committee
Stage 2 Consultation with the public and development/review of draft business plans		
04/07/2011	26/08/2011	Service areas to scope out budget proposals
04/07/2011	26/08/2011	Service areas to scope out strategic objectives and business plans
04/07/2011	26/08/2011	Service areas to scope out potential equality impacts for budget proposals
08/07/2011	25/08/2011	Workshop sessions held to support the completion of the proformas
04/07/2011	26/08/2011	Partnership boards to discuss specific budget or business planning issues
18/07/2011	26/08/2011	Soft consultation with public - Consult on budget set last year
26/08/2011	26/08/2011	Draft plans completed by Directorates & reviewed/signed off by their cabinet member & submitted to shared drive
26/08/2011	26/08/2011	Completion of equalities impact review for 2011/12 budget (to be included in the November Cabinet papers).
26/08/2011	02/09/2011	Review of plans by performance, finance, equalities completed and submitted to Directorates
01/09/2011	08/12/2011	Detailed <i>specific</i> consultation to commence on contentious proposals (8 weeks ends 10 Nov 2011; 12 weeks ends 8 Dec 2011)
12/09/2011	16/09/2011	Directorate planning challenge sessions
27/09/2011	27/09/2011	CDG meeting to review draft Cabinet report on Budget options
11/10/2011	11/10/2011	Cabinet briefing to review draft Cabinet report on Budget options
03/11/2011	03/11/2011	Cabinet report on budget options (report to include review of equalities impact 2011/12)
16/11/2011	16/11/2011	Budget and Performance Overview and Scrutiny Committee
Stage 3 Formal consultation and ratification of budget and One Barnet plan		
04/11/2011	06/01/2012	Formal Consultation on overall Budget with staff and public to commence – 8 weeks ends 6 Jan 2012 (due to Xmas)
22/11/2011	22/11/2011	CDG to review report on budget headlines
14/12/2011	14/12/2011	Cabinet report on budget headlines
14/12/2011	14/12/2011	General Functions Committee
15/12/2011	06/01/2012	Detailed Equalities analysis by services
06/01/2012	11/01/2012	Complete analysis of consultation for final report
06/01/2012	11/01/2012	Complete analysis of equalities for final report
09/01/2012	09/01/2012	Budget and Performance Overview and Scrutiny Committee
17/01/2012	17/01/2012	CDG to review 2012/13 Budget and One Barnet Plan
30/01/2012	30/01/2012	Cabinet briefing to review 2012/13 Budget and One Barnet Plan
20/02/2012	20/02/2012	Cabinet report on 2012/13 Budget and One Barnet Plan
06/03/2012	06/03/2012	Full Council meeting to agree 2012/13 Budget and One Barnet Plan