Report of Cabinet

14 February 2011

Cabinet Members:

* Cllr Lynne Hillan (Chairman)

* Melvin Cohen, LL B	* Andrew Harper	* Robert Rams
* Brian Coleman	* Helena Hart	* Joanna Tambourides
* Richard Cornelius	* Sachin Rajput	* Daniel Thomas

* denotes Member present

1. BUDGET, COUNCIL TAX AND MEDIUM TERM FINANCIAL STRATEGY 2011/12 TO 2013/14 (Report of the Leader of the Council and of the Cabinet Member for Resources and Performance – Agenda Item 5E)

Note:

1. *Copies of the Appendices to the Cabinet Members' reports and related documents are circulated separately to all Members of the Council*

2. *Cabinet's decisions of this date record their approval of recommendations set out in reports on the under- mentioned matters. Being integral to the overall budget proposals these are also circulated to all Members of the Council*
   - *Options for the future of housing with support for older people*
   - *Results of the consultation on changes to the Fairer Charging policy and recommendations on the introduction of a Fairer Contributions policy*
   - *Proposed reduction and redesign of children's centres and related services in Barnet*

The Leader of the Council and the Cabinet Member for Resources and Performance presented their recommendations on the Budget, the levels of Council Tax and the Medium-Term financial strategy for 2011/12 to 2013/4.

The Cabinet Members stated that 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.*

Severe resource constraint represented the most significant risk to the Council fulfilling its strategic objectives. The One Barnet programme potentially mitigated this risk, but needed to be taken forward in a timely fashion and integrated into the financial and business planning process.

The Council had recently taken steps to improve its risk management processes, in particular integrating the management of financial and other risks. Risk management information was reported quarterly to Cabinet Resources Committee, along with other performance management information, and would be reflected as appropriate in financial and business planning.

The outcome of Icelandic Bank litigation remained the single most important financial risk facing the Council. The current balance sheet assumed that the Council retained priority status as a creditor of the two banks through the wind-up process. Priority status, and other matters, would be considered by the Icelandic Courts in February and March 2011. Any decision was likely to be appealed, so there was likely to be a continued period of uncertainty. The most significant risk for the Council was that ultimately priority status would not be maintained leading to a much lower level of eventual recovery of funds. To mitigate the potential disruption to financial plans, the Council needed to set aside funds in the risk reserve accordingly. The additional potential cost was estimated at £14.1m, and this could crystallise in 2010/11 when the accounts were closed, or subsequently in accordance with events in the judicial process. The Council had applied for a capitalisation direction in 2010/11 to provide additional flexibility in dealing with the potential additional cost, but this had been declined by government. A key aim of financial strategy was therefore to set aside sufficient revenue funding in the risk reserve. Should this risk crystallise prior to sufficient funds being identified in the risk reserve, other reserves would need to be utilised and then replenished as a priority within the financial strategy.

The judgement in the Catalyst arbitration had resulted in a provision of £7.012m being set aside in the accounts for 2009/10. The Council had now received further direction on the detail of the settlement form the arbitrator, and also needed to consider liability for costs. Taking account of both these factors, it was necessary to set aside a further provision of £2m in 2010/11. This would be funded from the risk reserve.

The challenges set out the Cabinet Members' report would require fundamental change in the way Council services were delivered which in turn would impact on the human resources of the organisation and related policies and practices. Managing this process in conjunction with Trade Unions and staff was a key risk which would be mitigated through the people and culture workstream within the One Barnet programme.

In respect of the equalities and diversity implications of their budget proposals the Cabinet Members stated:

- o The projected increase in the borough's population and changes in the demographic profile would be key factors that needed to be considered when determining both the corporate strategy and service responses. Both of these needed to also reflect the aspirations and contributions of current residents.

- o All proposals emerging from the financial and business planning process had been 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.

- Similarly, all human resources implications had been managed in accordance with the Council's Managing Organisational Change policy that supported the Council's Human Resources Strategy and met statutory equalities duties and current employment legislation.

Concerning resourcing issues generally the Cabinet Members' report was concerned with the Council's medium-term financial strategy and budget process. It recognised severe resource constraints and set a budget and medium term financial strategy that would maximise the Council's ability to pursue its strategic agenda through an extremely challenging period**.**

The Government had decided to discontinue the national performance management mechanism overseen by the Audit Commission. As part of this business planning process, the Council would therefore need to determine even more clearly its own strategic objectives and the metrics which could be used to measure success. Similarly, the demise of the Use of Resources assessment meant that the Council must ensure that the normal business planning cycle would deliver the strong governance and corporate capacity necessary to ensure that resources were utilised effectively.

The Cabinet members' report set out commentary on the legal issues associated with their report:

- All proposals emerging from the financial and business planning process had been considered in terms of legal implications for the Council and, where appropriate, mechanisms put into place to mitigate legal risks as far as possible.

- The Council was grappling with some immensely difficult, complex and competing choices. It was conceivable that some service users and or members of the community might not be agreeable to the proposals in the report. A challenge by way of judicial review could be mounted by any person, group of persons or body or group of bodies potentially adversely affected by a particular proposal. This could be brought at any stage of the decision making process on the grounds of illegality, irrationality and or impropriety. In order to successfully defend a challenge it was critical that proper decision making processes are followed, that where appropriate and necessary there was proper consultation and at all times the Council had due regard to its public law equality duties.

- An analysis of key risks had been undertaken for each budget saving. The main key legal risks for the process were as follows:

    - Legal risks around not fully or properly considering the impact upon groups with 'protected characteristics' as evidenced by equality impact assessments and potential challenge if these considerations were not fully and properly taken into account by Cabinet;
    - Statutory requirement to give 90 days notice, given that there were expected to be more than 99 redundancies; and

- Legal risks around statutory and legal duty to consult on individual budget options and with business rate payers.

o These risks had been mitigated as follows:

- An equality impact assessment has been carried out for all savings proposals included in Appendix 3 to the Cabinet Members' report;
- The statutory requirement to give 90 days notice for redundancies will have been complied with in advance of the 1st April, with consultation commencing on 3 December 2010;
- Legal advice had been taken on all proposals that resulted in significant changes in services. This had resulted in detailed consultation being carried out across all budget options, and this was set out in more detail at Appendix 1 to the Cabinet Members' report; and
- Consultation had been carried out with business rate payers.

Consultation

o As a matter of public law the duty to consult with regard to proposals to vary, reduce or withdraw services would arise in 3 circumstances:

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- Where there was a statutory requirement in the relevant legislative framework;
- Where the practice had been to consult or where a policy document stated the Council would consult then the Council had to comply with its own practice or policy;
- Exceptionally, where the matter was so important that the Council ought to consult whether or not there was a statutory duty to consult.

o Consultation had to be carried out fairly. In general, a consultation could only be considered as proper consultation if:

- Comments were genuinely invited at the formative stage;
- The consultation documents included sufficient reasons for the proposal to allow those being consulted to be properly informed and to give an informed response;
- There was adequate time given to the consultees to consider the proposals; and
- There was a mechanism for feeding back the comments and those comments were conscientiously taken into account by the decision maker / decision making body when making a final decision.

o Consultation proposals needed to demonstrate not only that the Council was approaching the proposals with an open mind, but also that it was mindful of the range of implications any proposal might have for those affected and that any decision was not pre-determined prior to the consultation and the response thereto being considered.

o The Council must take account of all relevant considerations, including importantly the duty to give due regard to the public law equalities duties and in particular any potential differential and/or adverse impact. The Council must also have regard to and weigh up all countervailing factors, including financial resources, which in the context of the function being exercised, it was proper and reasonable for the Council to consider.

- Having taken account of the relevant legal advice, Directors had confirmed that these considerations had been taken into account in the budget setting process in respect of the proposals affecting their services.

Equality duties

- The single public sector equality duty pursuant to the Equality Act 2010 was likely to come into force in April 2011. Until then, the Council had to have due regard to goals set out in existing discrimination legislation as follows:

  Under s71 (1) of the Race Relations Act 1976

  (a) to eliminate unlawful racial discrimination; and

  (b) to promote equality of opportunity and good relations between persons of different racial groups.

  Under s49A of the Disability Discrimination Act 1995 to:

  (a) the need to eliminate discrimination that is unlawful under this Act;

  (b) the need to eliminate harassment of disabled persons that is related to their disabilities;

  (c) the need to promote equality of opportunity between disabled persons and other persons;

  (d) the need to take steps to take account of disabled persons' disabilities, even where that involves treating disabled persons more favourably than other persons;

  (e) the need to promote positive attitudes towards disabled persons; and

  (f) the need to encourage participation by disabled persons in public life.

  Under s76A of the Sex Discrimination Act 1975:

  (a) to eliminate unlawful discrimination and harassment, and

  (b) to promote equality of opportunity between men and women.

- The Cabinet Members' report drew attention specially to the Council's duties under section 49A (d) of the Disability Discrimination Act as this imposed a more positive obligation to consider whether disabled people should be treated more favourably. The Council had to identify the groups of people affected by any proposal and how they were affected by the proposals and in the case of disabled people the Council had to give due regard to treating them more favourably.

- 'Due regard' as required by legislation was more than 'regard'; it required more than simply giving consideration to the issue of disability, race or gender, the law required a rigorous and open minded approach. The public authority duty was to have 'due regard' and this was about the process of formulating policy and making decisions but must also be about substance rather than form. In considering the duties decision makers had to consider the alternatives and all the countervailing circumstances including where appropriate the budgetary requirements. In considering the Equality Impact Assessment, decision makers had to concentrate on the quality of the analysis in assessment when making their decision and not just the form of the document and its conclusions.

- The core provisions of the Equality Act 2010 had come into effect in October 2010. This Act provided a new cross-cutting legislative framework; to update, simplify and strengthen the previous discrimination legislation. The general duty on public bodies was set out in section 149 of the Act. Although this section was not yet in force it would be when the recommendations in the Cabinet Members' report were implemented if Cabinet decided to agree to those recommendations. Therefore the Council must have due regard to these new duties as set out below in relation to the new protected groups which were also set out:

  (1) A public authority must, in the exercise of its functions, have due regard to the need to—

  (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

  (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

  (c) foster good relations between persons who shared a relevant protected characteristic and persons who did not share it.

  (2) Having due regard to the need to advance equality of opportunity between persons who shared a relevant protected characteristic and persons who did not share it involves having due regard, in particular, to the need to—

  (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;

  (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;

  (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

  (3) The steps involved in meeting the needs of disabled persons that were different from the needs of persons who were not disabled included, in particular, steps to take account of disabled persons' disabilities.

  (4) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to -

  (a) tackle prejudice, and

  (b) promote understanding.

  (5) Compliance with the duties in this section might involve treating some persons more favourably than others; but that was not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

  (6) The relevant protected characteristics were—

  - age;

- disability;
- gender reassignment;
- pregnancy and maternity;
- race;
- religion or belief;
- sex;
- sexual orientation.

It also covered marriage and civil partnership with regard to eliminating discrimination.

- o There was also a statutory Code, namely The Duty to Promote Disability Equality: Statutory Code of Practice made by the Disability Rights Commission (now named Equality and Human Rights Commission, EHRC). The Code set out what public authorities needed to do to fulfil the general and specific duties. New Statutory Guidance would be issued shortly in relation to the new duties under s149 of the Equality Act 2010.

- o There was also a non-statutory guidance issued by the EHRC on the general duty, including gathering and analysing evidence to inform action, on how public authorities assessed information and made decisions. The Equality and Human Rights Commission had published some non-statutory Guidance in relation to the new equality duty. It stated that the essence of the new duty remained the same, to have due regard to achieve the three general duty aims. It also stated, amongst other matters that public authorities should;

  - have an adequate evidence base for decision making and to consider what engagement needs to be undertaken with people who have an interest in tackling discrimination, advancing equality and fostering good relations
  - analyse the effect of a policy or practice on equality

- o The Council was following this Code and taking the Guidance into consideration in formulating its proposals for consideration by Cabinet. The Guidance was attached at Appendix 6 of the Cabinet Members' report. The guidelines laid down by the Court in the case of R (Brown) v Secretary of State for Work and Pension which also gave decision makers some additional guidance when considering their equality duties were as follows:

  First, those in the public authority who had to take decisions that do or might affect disabled people must be made aware of their duty to have "due regard" to the identified goals: Reference was made to, in a race relations context R(Watkins – Singh) v Governing Body of Aberdare Girls' High School [2008] EWHC 1865 at paragraph 114 per Silber J. Thus, an incomplete or erroneous appreciation of the duties would mean that "due regard had not been given to them: in a race relations case, the remarks of Moses LJ in R (Kaur and Shah) v London Borough of Ealing [2008] EWHC 2062 (Admin) at paragraph 45 were referred to.

Secondly, the "due regard" duty had to be fulfilled before and at the time that a particular policy that would or might affect disabled people was being considered by the public authority in question. It involved a conscious approach and state of mind.

Thirdly, the duty had to be exercised in substance, with rigour and with an open mind. The duty had to be integrated within the discharge of the public functions of the authority. However, the fact that the public authority had not mentioned specifically section 49A(1) in carrying out the particular function where it had to have "due regard" to the needs set out in the section was not determinative of whether the duty under the statute had been performed: as in the judgment of Dyson LJ in Baker at paragraph 36. But it was good practice for the policy or decision maker to make reference to the provision and any code or other non – statutory guidance in all cases where section 49A(1) was in play.

Fourthly, the duty imposed on public authorities that were subject to the section 49A(1) duty was a non – delegable duty. The duty would always remain on the public authority charged with it. In practice another body might actually carry out practical steps to fulfil a policy stated by a public authority that was charged with the section 49A(1) duty. In those circumstances the duty to have "due regard" to the needs identified would only be fulfilled by the relevant public authority if (1) it appointed a third party that was capable of fulfilling the "due regard" duty and was willing to do so; and (2) the public authority maintained a proper supervision over the third party to ensure it carried out its "due regard" duty. …

Fifthly, (and obviously), the duty was a continuing one.

Sixthly, it was good practice for those exercising public functions in public authorities to keep an adequate record showing that they had actually considered their disability equality duties and pondered relevant questions. Proper record-keeping encouraged transparency and would discipline those carrying out the relevant function to undertake their disability equality duties conscientiously. If records were not kept it might make it more difficult, evidentially, for a public authority to persuade a court that it had fulfilled the duty imposed by section 49A(1) …"

- It was the opinion of the lead officer for equalities and diversity that these requirements had been adhered to in formulating the budget proposals included in the Cabinet Members' report.

BACKGROUND INFORMATION

Strategy

Cabinet on 21 June 2010 had considered the strategic policy context for the financial and business planning process. This had set the scene for the process that had been running since that point. The strategic policy context paid 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

The planning process for budgets and services plans was paying particular regard to these issues. Overall, the Council's response to these challenges was defined by the One Barnet programme, the framework for which was summarised below.

One Barnet programme
In 2008, the Council had identified three key drivers for change which had informed the Future Shape programme:

1. The need to find new ways to tackle challenging problems; for instance refuse services as currently constituted could not tackle the most challenging waste problem facing the Council – how to significantly reduce the amount of waste going into landfill.
2. The financial context; anticipating that financial pressures resulting from the global recession would bring the era of consistently increasing public sector budgets to an end.
3. Resident satisfaction - despite consistent improvements in service delivery, satisfaction with Barnet Council, as with other local authorities, has been on a downward trend

In 2010, the drivers for change still resembled those identified in 2008, and it was these drivers that informed the One Barnet programme. Specifically:

1. the Council still needed to find new ways to tackle challenging problems.
2. the Council now had greater certainty about the scale of the financial challenge. Within the Council there was a funding gap of £46.6m over the next three years, and the Council's public sector partners faced challenges of a similar scale. There were other known pressures which would require the Council to make savings of £53.4m.
3. Digital technology continued to change and develop, as did the ways that people used it to change and grow. Residents would continue to expect the Council to deliver against those standards of instant information and access to services.

In addition:
- The identification of the need to develop a new partnership with residents to deliver services in future was echoed by the Coalition Government's focus on a Big Society;
- The Government's focus on localism and devolution set a national context for the Council's aim to provide local leadership and joined up services across the public sector;

The response to the drivers identified had been, and remained, **to create a citizen-centred council** to ensure that citizens got the services they needed to lead successful lives, and to ensure that Barnet was a successful place. The Cabinet Members continued to believe that this was best delivered through the adoption of the three key principles of the programme.

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

A new relationship with citizens meant that working together in a different way. The Council would provide a better service, putting citizens at the heart of what it did. In return the Council would expect that they would do what they could for themselves, their families and their community.

The Council would provide information and services in ways that were convenient and which provided choice. Citizens would be responsible for taking the opportunities that were offered and the Council would give them the information they needed to hold it to account.

What the Council will do for residents:

- Enable choice and control;
- Provide clear information; and
- Tailor services for residents.

What residents will do with the Council:

- Make best use of opportunities;
- Do all they can to support themselves, families, community; and
- Hold the Council accountable.

A One Public Sector approach was fundamental to One Barnet. Democratic accountability remained at the heart of serving residents successfully. The Council would work with partners to create truly joined up services, with the citizens at their heart. Specifically, the Council were currently in discussions with partners around placed based budgeting (Barnet had been announced as a Community Budget area in the recent Spending Review), where they would increasingly pool resources and deliver residents aspirations together.

A relentless drive for efficiency meant that the Council would make sure every pound was spent as effectively as possible, which might mean providing services in different ways and certainly meant organising the Council in a different way. It also meant recognising that residents' time is valuable and that the Council should make sure that when they wanted to do something, the process was clear, simple and efficient. To deliver a relentless driver for efficiency, key questions were being asked of all services:

- Were they still necessary?
- Were they giving the customers what they needed?
- Who was best placed to manage and run them?

The budget proposals in the Cabinet Members' report had been formulated with these principles in mind, and would continue to be driven by these principles over the course of the medium term financial strategy.

Proposals had been developed by taking savings from each department across the organisation, with a series of strategic options being put forward for consultation in October, and detailed budget headlines for consultation in December. It was the decision of elected members as to how these savings would be realised across departments, taking into account the Council's policy framework.

Consultation

A full report on the consultation that had taken place on the budget was provided in Appendix 1 to the Cabinet members' report.

The Council had been discussing budget proposals with residents since September last year. The outcome of initial consultation had gone to the Cabinet meeting on 13 December 2010. This initial consultation had shown that the public had understood the need for the Council to reduce spending to match a reduced income but were concerned about the impact of a reduction on the voluntary sector. Adult Social Services had revised its budget plans following this consultation.

Since Budget proposals had been published, services had run a range of consultations. Many of the responses to the more recent round of consultation had been from service users, understandably keen to protect spending on the services they used. The areas that had attracted responses beyond service users were plans for the two council supported museums in the borough and the removal of core grant for the artsdepot. Children's Social Services had confirmed that it planned to continue funding activities at the artsdepot, and the Council was working with the centre to identify other funding streams. Two proposals had been put forward to independently operate Barnet Museum and Church Farm Museum. While the Council would continue with the current budget plan, it would consider these proposals over a three month period with a view to establishing whether they support the long term viability of the museums.

Concern had also been expressed by CommUnity Barnet that some smaller voluntary organisations risked closure given the scale of reduction facing some organisations. Adult Social Services had committed to working with the sector to mitigate this risk.

Medium Term Financial Strategy

The Medium Term Financial Strategy (MTFS) was the framework within which the budget was set. It assessed the spending review and the impact of the local government finance settlement, and set this against any other changes that were needed to Council budgets (for example for inflation or changes in statutory responsibilities).

Update on 2010/11 position

The latest position on budget monitoring for 2010/11 would be reported to Cabinet Resources Committee in March. Early indications from quarter three monitoring suggested that a net overspend position of approximately £0.8m would be reported: an improvement on the £3.4m reported in quarter two. Current general fund balances were £15.8m, so this projected outturn position would ensure that balances did not fall beneath the target level of £15m. It was essential that services continued to identify all necessary actions to deliver a balanced budget position for 2010/11.

Spending Review

The government's Spending Review had been announced on 20 October 2010. The headlines for local government were:

- A 39% cut in current Formula Grant over four years, heavily front-loaded to years one and two;
- The ending of ringfencing for local authority grant, with the exception of funding for schools and public health;
- The inclusion of a number of current area-based and specific grants within Formula Grant or schools grant;
- 'Additional' funding for social care and to enable a council tax freeze in 2011/12; and
- The creation of a number of 'core revenue grants' to distribute non-ringfenced funding outside the Formula Grant distribution formula.

The overall effect of the above was a 26% cut in overall government support to local government over four years (that is, covering current Formula Grant, new Formula Grant and core revenue grants).

Local Government Finance Settlement

The Local Government Finance settlement had been announced on 13 December 2010 (for consultation) and the final settlement announced on 31 January 2011. The key points were as follows.

Barnet Council impact	2011/12 Cash cut %	2012/13 Cash cut %
Formula Grant	11	9
Total Grant funding	10	6

- A "New world" of grant support – only the schools grant was now ring-fenced, everything else was core grant;
- Early Intervention Grant, Learning Disabilities Grant, Homelessness Grant, Housing Benefits and Council Tax Benefits Admin Grant and PFI Grant were the core grants outside Formula Grant;
- New Homes Bonus would be additional funding (also not ringfenced), but had not yet been announced; and
- The settlement was for two years – so excluded 2013/14 – whereas our budget is for three years. This meant making assumptions about levels of government funding in 2013/14.

When compared to the estimates and assumptions included in the budget headlines report (which had been compiled before the outcome of the local government settlement was known), it had the following impact.

	2011/12	2012/13

	£m	£m
Formula Grant	+ £1m	- £1.4m
Additional Area Based Grant we had assumed was cut	+ £1.7m	0
Net effect on LB Barnet Medium Term Financial Strategy	**+ £2.7m**	**- £1.4m**

This meant that the proposals included in the budget headlines report were sufficient to enable the Council to set a balanced budget.

The figures included in the local government finance settlement were as follows (these figures were reflected in the budget model in Appendix 2 of the Cabinet Members' report):

Grant Elements	**2010/11 (adj)**	**2011/12**	**2012/13**
	£m	**£m**	**£m**
Formula Grant	**111,902**	**99,505**	**90,618**
Decrease £'000	-	12,397	8,887
Decrease %	-	11%	9%
Grants discontinued	3,697	0	0
Early Intervention Grant	16,027	13,171	13,985
Learning Disabilities Grant	10,197	10,439	10,686
Homelessness Grant	1,173	700	700
Housing and CT Benefit Grant	3,085	2,960	2,960
Council Tax Grant	0	3,849	3,849
PFI Grant *	2,235	2,235	2,235
TOTAL (incl. formula grant)	**148,316**	**132,859**	**125,033**
Decrease £'000	**-**	15,457	7,826
Decrease %	**-**	10%	6%
New Homes Bonus	Not yet announced		

* - assumed

Barnet contributed to the cost of the grant floors as it was above the minimum grant increase for 2011/12. Barnet had contributed £4.3m in 2011/12 and £3.2m in 2012/13.

Removal of ring-fencing

A key strategic issue was the removal of ringfencing for all support to local government with the exception of schools funding. This meant that the Council was able to plan its own budgets within the total of support available. This was a welcome development and enabled the Council to apply local priorities, but it did mean that expectations for specific programmes created by the government's detailed announcements would not necessarily be deliverable in practice.

This was particularly relevant around funding for Adult Social Care, where funding announcements suggested additional support in this area. However, formula grant had been reduced by nearly 40% to compensate for this, meaning the overall loss of funding was still 26%. It was up to local policy makers to decide how to allocate this funding, but if additional support is provided to Adults Social Care, that means larger cuts to other budget areas than are currently being proposed.

The Spending Review included within the overall reduced totals a core revenue grant to enable the council tax freeze in 2011/12. Under the scheme, Councils which set a 0% increase in 2011/12 would receive grant to the equivalent of a 2.5% increase in 2011/12. It was therefore necessary to set a 0% increase in 2011/12 to protect the Council's underlying revenue support from government.

Despite the overall reduction in funding as a result of the Spending Review, there were some opportunities for future funding. It was possible that Barnet could benefit from the New Homes Bonus, which would enable councils to retain funding as a result of growth in new homes. However, it was important to note that this was not additional funding nationally; it would be top sliced from existing budgets.

Social Care funding of £1bn had been allocated to the NHS to help better joint commissioning of services in respect of social care. This equated to £3.9m for Barnet and the Council was working with health partners to identify how this funding should be allocated. A report would come back to Cabinet in the next two months setting out detailed proposals for allocating this funding.

Schools funding

The review of the methodology of distributing the Dedicated Schools Grant (DSG) by the Department for Education (DfE) had been put back a year, so for 2011/12 the DSG continued to be distributed using the 'spend plus' methodology with a number of modifications. In the longer term the Government's intention was to bring in a simpler and more transparent funding system. This should reduce funding differences between similar schools in different areas but might result in significant turbulence unless transitional arrangements were put in place. The government proposals for the new distribution system were expected in late spring.

The estimated Dedicated Schools Grant for Barnet was £248,955,910. This figure was subject to change dependent on pupil numbers and would not be confirmed by the DfE until June. The modifications made in 2011/12 included the introduction of the pupil premium (which would target funding at children from deprived backgrounds, children in care and children of service families), the mainstreaming of specific grants for schools into the DSG and provision of funding for the extension of early years entitlement to 15 hours for three and four years old. The per pupil funding for the DSG was maintained in cash terms whilst the minimum funding guarantee would be set to ensure no school had a cut in its budget of more than 1.5% per pupil. The central expenditure limit (CEL) continued to be applied to prevent centrally retained budgets rising at a higher rate than the devolved budgets to schools unless the Schools Forum approved the breach. Approval had been given by the Schools Forum in Barnet to breach the CEL in 2011/12 due to the methodology of mainstreaming the specific grants referred to above.

The DfE had also confirmed that the recoupment methodology for adjusting DSG allocations for converting academies would continue in 2011/12. This meant that finalised DSG allocations in June would incorporate adjustments for schools that had converted to academy status during 2010-11 (three schools) and that the DSG would continue to be adjusted during the year for schools that converedt during 2011-12. The financial impact of the conversions on the centrally retained budgets would be considered in setting the final Schools Budget in July. The government had made a reduction in the formula grant for the estimated costs for new academies and free schools for local authority central support expenditure outside of the DSG for new academies and free schools. Because it was not possible to say precisely which schools in which local authorities would convert to academy status and where all new Academies and Free Schools would be, the government had stated it was not practical to target the reductions at individual local authorities and therefore a national top slice had been applied. The reduction in the formula grant for Barnet was £913,943. In the longer term, the government intended to develop a simpler and more transparent funding system for academies and the proposals were expected to be issued in late spring.

Budget now grossed up
Given the removal of ringfencing for all grants, with the exception of the schools grant, this meant that the presentation of the Council's budget for 2011/12 had been updated to reflect this. Previously, all specific grants had been included in the Council's budget as net £nil, because the expenditure budgets matched the grant income coming in for that specific purpose. Now, due to the removal of the ringfencing of all grants with the exception of the schools grant, the Council's budget was presented as gross expenditure, all financed from the core revenue grants.

Summary of all corporate changes
9.4.20 The Council's financial model that underpinned the Medium Term Financial Strategy was included in Appendix 2 to the Cabinet Members' report. The corporate assumptions that had been applied to this model were as follows:

- **Pay inflation** – the model assumed 0% pay inflation for 2011/12 and 2012/13, and 2.5% for 2013/14. It also assumed a flat £250 increase in 2011/12 and 2012/13 for employees earning under £21,000 per annum;
- **Non pay inflation** – a provision of 2.5% for non-pay inflation of 2.5% had been assumed for 2011/12, 2012/13 and 2013/14;
- There was no increase in the **employers pension contribution rate** following the draft actuarial report which had been considered and agreed by the Pension Fund Committee on 21 December 2010;
- Budget increases would be necessary to fund the costs of the **North London Waste Authority levy** in future years, totalling £0.3m, £2.7m and £1.0m respectively over the next three years;
- **Capital financing costs -** £1.5m, £2.25m and £2.25m had been added to the budget in the next three years to fund existing borrowing commitments of the capital programme. It was important to note that the borrowing requirement had not increased; this provision funded existing commitments;
- Statutory changes to the way **concessionary fares** were funded required an increase in this budget of £3.2m, £0.4m and £0.4m over the next three years;
- Statutory changes to funding of **housing benefits** required additional budget of £1.5m over the next three years;

- The saving made in 2011/12 in respect of the removal of the **50% discount for long term empty properties** would only run for two years, and was therefore reversed out in 2013/14;
- A reduction in the costs of **redundancy and restructure** of £2m was realised in 2011/12, as most of these costs will be incurred before the 2010/11 year end;
- Changes to the way that the government would run the **Carbon Reduction Commitment** would cost the Council an estimated additional £0.5m from 2011/12 onwards;
- The funding of the **Commercial department** from 2011/12 onwards required a budget increase of £0.9m;
- The **Big Society fund** required a budget increase of £0.2m;
- Additional provision of £0.9m in 2012/13 and £3.1m in 2013/14 for **contingency**, particularly given that the settlement had not been announced for 2013/14;
- Additional savings coming from the replacement of the **local tax and benefit system** that would be realised in future years and were recognised in the financial model, totalling £0.9m over three years;
- £65k net adjustment for the **One Barnet** programme financing
- **One off contributions to reserves in 2010/11** of £2.5m were reversed in 2011/12 to provide a one off benefit
- An additional £4.5m was required in **specific reserves in 2011/12** to fund costs associated with Iceland litigation and future phases of innovation and efficiency projects.

The above section of the Cabinet Members' report set out all of the assumptions made in the budget model for 2011/12 onwards. The changes applied to the budget model ***since the Cabinet report*** on 13 December 2010 were as follows:

	2011/12 £m	**2012/13 £m**	**2013/14 £m**	**Total £m**
Cabinet gap	**24.7**	**12.1**	**6.3**	**43.1**
Adjustment to NLWA levy	(1.2)	1.0		**(0.2)**
Reversal of 50% discount on empty property in 2013/14			1.0	**1.0**
Contingency movements	1.1	(0.2)	3.1	**4.0**
Reserves movements	4.5	(2.0)		**2.5**
Final settlement changes	(2.7)	1.4		**(1.3)**
Additional collection fund income	(1.5)			**(1.5)**
Move removal of 50% discount on empty property from savings to Council Tax income ***(total savings come down from £54.4m to £53.4m)***	(1.0)			**(1.0)**
	23.9	**12.3**	**10.4**	**46.6**

The detailed financial model that underpinning the Council's budget was included at Appendix 2 to the Cabinet Members' report. The overall position for Member decision was summarised as follows:

	2011/12 £m	2012/13 £m	2013/14 £m	Total £m
Revised Gap	**23.9**	**12.3**	**10.4**	**46.6**
Recommended pressures and investment	5.2	0.8	0.8	6.8
Gap after pressures & investment	**29.1**	**13.1**	**11.2**	**53.4**
Budget reductions	(29.1)	(14.0)	(11.2)	(54.3)
Less: removal of voluntary sector cuts	0	0.9	0	0.9
Final Gap	**0**	**0**	**0**	**0**

Savings
Given the unprecedented reductions to local government funding set out above, the Council had had a considerable challenge in developing savings to enable a balanced budget position to be set. Savings totalling £53.4m are included in Appendix 3 to the Cabinet Members' report. They were broken down as follows:

Service	Savings
	£'000
Adult Social Services	(17,461)
Chief Executive's Service	(3,623)
Children's Service	(12,041)
Commercial Services	(4,093)
Corporate Governance	(1,025)
Deputy Chief Executive	(2,253)
Environment & Operations excluding Special Parking Account	(8,267)
Special Parking Account	(3,233)
Planning, Housing & Regeneration	(1,430)
SERVICE TOTAL	**(53,426)**

Cabinet were asked to recommend the savings set out in Appendix 3 to the Cabinet Members' report for approval by Council.

Pressures
Budget pressures for agreement totalled £6.8m and were included in Appendix 4.to the Cabinet Members' report. They were in respect of the following:

Service	Pressures
	£'000
Adult Social Services	2,400
Children's Services	2,350
Commercial Services	500
Special Parking Account	1,000
Corporate Governance	150
Planning, Housing & Regeneration	400
SERVICE TOTAL	**6,800**

Cabinet were asked to recommend the pressures set out in Appendix 4 to the Cabinet Members' report for approval by Council.

Balanced position
As a result of the budget proposals set out above, the Council had a balanced budget position for the period 2011/12 to 2013/14. This was based on actual funding announcements for the first two years of this period, and assumptions about funding levels in 2013/14.

Strategic narrative for each service
Savings and pressures were incorporated into a medium term financial strategy for each service (Appendix 5 to the Cabinet Members' report). This section summarises the principles that underpin these strategies.

Adults Services

Adults' services had developed a number of budget proposals based on its underpinning principles of fairness and need. Savings had been identified around four key areas:

1. Being as efficient as possible – One Barnet; streamlining the workforce; improving outcomes and reducing duplication through partnerships with health; and effective and targeted procurement
2. Securing additional income through new contributions policy
3. Reducing Provider Spend through inflation containment and targeted reductions to move to industry benchmarks in order to develop a sustainable care market
4. Targeting services to those most in need through reducing universal and low level support services (voluntary sector, supporting people reductions) with an expectation that families and communities provide more lower level support in respect of social participation and leisure in partnership with Adult Social Care.

Children's Services

The delivery of Children's services savings had been based on the following principles:

1. Focus on early identification and prevention
   - Invest to save – investing in family support to reduce use of high cost acute and specialist services; and
   - Reshape and reduce services for children and young people – youth and connexions, youth justice and education welfare and children's centres
2. A new relationship with schools
   - Reshaping and reducing school improvement and support
3. Specific grants
   - Cease and reduce services in response to reduction in specific grants
4. Respond to increased demand for children's social care
   - In the short term, shift resources to respond to the sustained increased demand for front line child protection services

Environment and Operations

The delivery of savings in Environment and Operations had been developed around the following principles:

1. Sharing responsibilities with partners
   - Driving more from existing contracts – leisure, recycling
2. A different relationship with citizens
   - Reducing 'one size fits all' publicity
   - Giving people more control over service provision (e.g. allowing more events in parks)
   - Allotments to be run by the people who use them
   - Changes to the way recycling and waste services are run
   - Reconfiguring the parking service
3. Driving out savings without just cutting staff
   - Contractual overtime, consolidation, focussing on long-term sickness, reducing temporary staff and different working arrangements.
4. Alternative delivery for services
   - Transport and Parking Service
   - Part of the Development and Regulatory Services One Barnet project is in respect of E&O services.

Planning, Housing and Regeneration

The delivery of savings in Planning, Housing and Regeneration has been developed around the following principles:

1. One Barnet

- Development and regulatory services project (years two and three)

2. Systems Thinking (Lean & efficiencies) savings (year one)
    - Management de-layering
    - Planning and regulatory services restructure
    - Business management support reduction
    - Lean housing review
3. Income growth & charges
    - Private sector leasing - rental income
    - Charging
4. Exploiting opportunities
    - New Homes Bonus
    - Tax incremental financing schemes & Business Rates
    - Community Infrastructure Levy
    - Devolved Planning/Building Control fees

Corporate services and support services

The delivery of savings in Corporate and support services areas have been developed around the following principles:

1. New service delivery models for back office and customer services from 2012
    - Revenues and Benefits, Customer services, Human Resources, IT, Finance, Legal, Asset management/property
2. Other efficiency measures
    - Better procurement, cashless organisation, vendor rationalisation
    - Benefits of flexible working, improved asset utilisation
    - Improved asset utilisation (reduced use of Barnet House and North London Business Park)
    - Further consolidation of office space and flexible ways of working
    - Better contract management
3. Better targeting of expenditure against need
    - Majority of savings through reducing grants budget by better targeting against need
    - Library service review

Performance and equalities impact assessment

Performance impact

Given the scale of the budget reductions that were needed as a result of the Spending Review, careful consideration needed to be given to the impact of budgetary decisions. Appendix 3 to the Cabinet Members' report categorised savings proposals into service reductions, proposals to increase income and proposals to increase efficiency. From the perspective of the budget strategy, the Council was committed to ensuring as much savings as possible came from efficiency measures rather than cuts to services.

One Barnet projects and efficiency measures accounted for a total of 65% of the total savings included in the report.

However, as not all savings would come from improved efficiency, savings would need to be approved that would have an impact on the performance of services provided to residents. Service reductions had been targeted to minimise the impact on service delivery. This section of the Cabinet Members' report set out the potential impact on performance and corporate priorities. The Council had agreed the following three corporate priorities for 2010-13:

> ***"Better services with less money*** *- We have a responsibility to make the most of the taxpayers money we are given. So, we are committed to making sure residents know they are receiving better services with less money. Our One Barnet programme is about delivering better outcomes more effectively, efficiently, equitably and economically to leave our customers feeling more satisfied;*
> ***Sharing opportunities and sharing responsibilities -*** *We know that many of our residents want to be part of both sharing opportunities and sharing responsibilities. We recognise that some residents need more support than others and we will work with these residents to put them on the pathway to success; and*
> ***A successful London suburb*** *- We will continue to enable the borough to grow sustainably by supporting prosperity whilst preserving and enhancing the physical environment. We will continue to support excellence in our schools and centres of learning. Working with the police and NHS Barnet, we will make sure Barnet remains a safe and healthy place to live, work and study."*

Beneath these priorities was a series of key performance indicators included in the Corporate Plan. In putting together budget proposals, an analysis of the impact on these indicators had been carried out. The key performance risks were as follows:

- Adults Social Services – a range of proposals had been developed across services in this area. The key risks were around the delivery to people receiving self directed support and people receiving intermediate care or rehabilitation. The reduction in third sector funding might impact on our ability to increase the number of volunteers engaged in care related work (however, this reduction in funding had been reduced following initial consultation). The corporate plan also stated that expenditure would be moved to funding prevention models where it was known that there was a clear cost benefit, and there were proposals to reduce this investment. Overall, these effects should be mitigated to an extent by additional funding for social care coming through the NHS.

- Children's Services – a key priority in the Corporate Plan was around maintaining the high quality of schools in Barnet, and ensuring that disadvantaged groups such as children in care were able to share in the educational success enjoyed by Barnet pupils. Reductions in the school improvement service and the children's social care service could impact adversely on these priorities. Additional funding had been added to the social care budget, but this was in response to increases in demand, so might not fully mitigate against savings in other areas. The proposed cuts to adoption allowances and specialist social work might reduce adoptions and increase the numbers of children in the council's care, which were also subject to Corporate Plan improvement targets. The proposed reductions in youth services, which promotd positive activities for young people including education, employment and training, might have an adverse impact on indicators such as school attendance, youth offending and youth unemployment, as well as the Corporate Plan educational attainment targets. There could be an impact on performance as a result of the changes to the way that Children's Centres would be delivered, but at this stage this was dependent on the options for the future of the service that were agreed following consultation with service users.

- Environment and Operations – there could be a positive impact on performance as a result of changes to waste collection in respect of recycling rates. Reductions in the budget for road maintenance werelikely to have an adverse impact on the priority of investing in this area.

- Planning, Housing and Regeneration – there was not expected to be any adverse impact on performance on the key priorities - affordable family housing and homelessness - resulting from the budget proposals

- Chief Executive, Corporate Services, Finance, Commercial – most of the proposals in these areas were about the re-organisation and improved efficiency of back office functions which should not impact on the delivery of frontline services. However, there were risks to corporate priorities here, specifically around ensuring that the performance around customer contact and responsiveness improves whilst this service was re-modelled. There would also be a reduction in grant-funded services which have a preventive function, and this impact was being monitored carefully across the organisation.

Equality impact
Every budget saving included in the report had been subject to an Equality Impact Assessment. Assessments had been made with an understanding of the 'protected characteristics' as set out in the Equality Act 2010. Cabinet needed to be aware that there was likely to be a cumulative impact on some of the protected groups as a result of the budget proposals.

Elderly and disabled adults in receipt of services from Adult Social Care might also be affected by the reduction in the grants allocated to some voluntary sector organisations. However; mitigating actions were in place to ensure that those with eligible needs would be properly assessed. These reductions might also impact on specific ethnic groups who were also disabled or elderly who had their own specialist support provision, though there is likely to already be some duplication of service which would be reduced by more focussed commissioning. Potentially, some women who were also carers of elderly or disabled children and other family members might be affected by reductions in the adult social services budget and the children's budget. The procurement of services from specialist providers amongst residential care providers for specific communities; and the additional responsibilities placed on carers who might also have a 'protected characteristic'. Within Children's Service the reduction of universal services might disproportionately impact upon children and young people who might also have a range of disabilities. The proposal to remodel specialist services such as 'Behavioural and high incidence support' to provide a 'team around the setting' was expected to provide improved targeting to those most in need.

The reduction in the grants scheme with its focus on community arts and community advice service was expected to have a negative impact across some protected groups.

A review would take place in six months time of the equality impact of savings proposals.

Appendix 3 to the Cabinet Members' report (savings) included a column for a summary of the equality impact assessment for each proposal. The full equality impact assessments had been included in Appendix 12 to the report where significant changes to service delivery were proposed. The assessments for Children's Centres, Sheltered Housing and Fairer Charging had been appended to the separate reports included on the Cabinet agenda for this meeting.

The key outcomes of equality impact assessments on the budget proposals were as follows:

Adults Social Care

The Adult Social Services savings proposals were based on principles of fairness and need with resources directed to those who needed it most and ensuring that safeguarding vulnerable people remained a priority. Eligibility for social care services would be unchanged remaining at the substantial and critical levels following consideration by Cabinet Members. Savings proposals in Adults had maximised opportunities to be as efficient as possible around One Barnet, workforce changes, running costs, partnerships with health, the voluntary sector, procurement and reviewing care packages. There might be some negative impacts from reduced voluntary sector provision. However, individuals would continue to have assessments of need and eligible needs would be addressed through personal budgets.

The following analysis highlighted the equality data in respect of clients of Barnet adults social care services.

In House Services - The More Choices Project would change the way people receive Adult Social Services to enable service users to have more choice and control over their own support. This was part of the national Personalisation Agenda and therefore all councils were making these changes to ensure people could get the social care support that best met their needs. A number of service users would be affected by the change. However, they and their families were involved in consultation about the changes. The service would continue to be commissioned by social services. Service users would have more say in the running of the services which could be of benefit.

Partnership with Health - The savings initiatives identified in the proposals should lead to a more integrated approach between health and social care and some of these would be financed through the NHS monies being passed to the Council to meet social care needs. There could be some negative impact initially of the reductions in staff but this would be mitigated by developing more joined up approaches which should be of benefit.

Transport - The One Barnet Transport proposal involved integrating transport for older people day care with special needs transport for children. This did mean that opening hours would change for day care affecting service users and staff. This had been consulted on but the imperative to make efficiencies had been overriding as transport would still be available.

Reducing provider spend - No differential impact amongst client groups as the threshold was the statutory Fair Access to Care Services. There were a number of specialist providers amongst the residential care providers for specific communities and they would be included in the same discussions as generic providers. Specialism took the form of religious or condition-specific or disability needs and had sometimes attracted a premium in respect of cost. This would be addressed by individual meetings with providers and person-centred re-assessments for clients, on the basis of need and ensuring that eligible needs were responded to.

Reducing the costs of care packages through increasing the contribution that families and communities make – A Council priority was Sharing Opportunities and Sharing Responsibilities. There was anticipation that the greater involvement of someone's family and community in meeting their social care needs could be an effective way of building social inclusion. A beneficial cycle had been found to be created when this use of 'social capital' was promoted. Initially, the individual was increasingly involved in society through the support of others. This then made it easier for the individual to become an active member of communities, contributing to their overall robustness. There could be a negative impact on families and carers had expressed concern that this policy would put more pressure on them. However, needs of carers would be taken into account through assessments. In addition advice and information and support to carers remained a strategic priority.

Voluntary Sector - A Prevention Framework had been agreed by Cabinet Resources Committee. Investment in the Voluntary sector focussed on preventive services which were discretionary and statutory intervention funded from budgets from which the savings proposals were minimal. A policy which would refocus voluntary sector investment on key areas would help minimise duplication and allow investment to cover groups of service users who currently did not receive services. Changes in investment could impact negatively on some people but people with eligible needs would have access to assessments and provision of services.

Review of care packages – there could be a negative impact on service users as a result of re-assessments and any consequent reductions in personal budget allocations. However, the Council would continue to meet the needs of **all** sections of the community with high level or complex needs with due regard to cultural and religious and other diverse needs. Reviews would be completed on an individual basis where eligible needs would be addressed with due regard to needs arising from disability.

Workforce Reductions - None of these proposals were targeted at services which supported people from specific ethnic, religious, sex or gender groups. Consequently, no differential impact had been identified in relation to those dimensions of equality. All of these proposals could have a greater impact on people who use, or whose relatives use, social care services. Consequently, they could have a greater impact on the elderly and the disabled.

Reductions of social care staff were factored in when the new care model was set up as pump priming. A Lean programme to look at efficiencies in business processes had been initiated to maximise the use of internal resources. Also a review had been conducted of how social care staff were deployed in mental health which resulted in the proposal to reduce mental health social work capacity. Agreement was being finalised with the Mental Health Trust which would strengthen the delivery of social care support to people with mental health problems.

Adults Social Care retendering - No expected equality impacts of proposals. The re-tenders sought to maintain services that supported all sections of the community who were assessed as requiring a service.

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<u>Children's Services</u>

The following savings proposals had the most significant impact on service delivery, and the equality impact was considered as below:

Youth offer - The proposal might have a negative equalities impact. Vulnerable young people already experiencing some form of disadvantage, such as those at risk of exclusion or young offenders, might be disproportionately affected by a reduced universal service as they were likely to have higher support needs. However, services would be targeted at those most in need of support, including those young people at risk, as well as those already with more complex needs.

Teenagers with lower support needs might be disproportionately impacted by the reduction in universal services. The needs of these service users had been taken into account in designing the new youth offer which will encourage and support other community and local providers to grow the range of activities available to young people. The Council would also work closely with the voluntary sector and other key partners to ensure that the potential of existing facilities for youth provision, both those owned by LBB and others in all areas of the borough, was maximised so as many young people as possible could continue to access services.

The proposed changes to services and the rationale behind them had been clearly communicated to stakeholders. Ongoing communication about how the proposed changes might impact on service users would take place to help minimise any perceptions about differential treatment.

Behavioural and high incidence support - The proposal to reduce behaviour support might have a negative equalities impact. Vulnerable young people already experiencing some form of disadvantage might be disproportionately affected as they were more likely to be service users. Children with special educational needs relating to emotional, social, language and behavioural difficulties and males particularly from black African and Caribbean backgrounds might be impacted as they were potentially more at risk of exclusion.

Re-modelling of services to provide a 'team around the setting' should help to provide some behavioural and emotional targeted support for children and young people to prevent exclusion. Further embedding the Common Assessment Framework process as a way of providing co-ordinated support to children and young people should also help to mitigate against the proposed reduction. Remaining services would be targeted towards those with the highest level of need in order to help reduce inequalities, and a Service Level Agreement regarding services to be delivered by the reduced team would be developed. In addition, the Educational Psychology team would shift its balance of work to provide more behaviour and SEN provision support; and schools would be asked whether they would like to purchase additional support around behavioural support as part of a traded service model.

New relationship with schools - The impact on pupils and their educational outcomes as a result of the new national and local school improvement arrangements were not yet known. It was anticipated that there could be a positive equalities impact on schools and pupils, although this would be dependent on the funding available to schools and what level of support they were able to purchase.

Schools would be able to purchase support to meet the needs of all pupils and, in line with feedback, a Local Authority school improvement traded service would be provided for primary schools. The residual Local Authority monitoring and challenge team would ensure that both primary and secondary schools were identifying the areas in which they needed to improve and would act as an early warning system should inequalities appear to be occurring.

<u>Environment and operations</u>
The following savings proposals had the most significant impact on service delivery, and the equality impact was considered as below:

Allotments – none of the specific equality strands had been identified as being exclusively or specifically affected by the allotment fees increase when compared to the impact on allotment holders as a user group.
The detailed EIA however identified people on lower incomes as a group potentially impacted by the proposals.
It would not be possible to mitigate the effect of any such increase on those on lower incomes without carrying out complicated means testing investigations to identify differing levels of income.

Parking charges - it was not anticipated that the proposed changes would adversely affect any specific equality strand grouping in a unique or exclusive manner nor discriminate against any. It was therefore anticipated that this service change would in fact affect all the identified groups equally. However, the nature of these proposals meant it was likely to have a more significant impact on residents with lower incomes.

Overall, the proposed changes had an equal effect on all the service users/customers identified but the impact on specific individuals might be higher depending on the income levels of different residents and therefore there were no mitigating actions for the council to take in order to reduce this disparity.

A significant number of the residents who had contacted the council on these proposals expressed an objection to the proposed increase to the cost of resident permits, visitor vouchers and the removal of free bays. The vast majority felt that this rate of increase was unjustified and would also impact adversely on the welfare of the economically challenged.

Chief Executive's and Customer Services
The following savings proposals had the most significant impact on service delivery, and the equality impact was considered as below:

Reductions in the grants scheme – In the case of the community arts service and community advice service there would be a negative impact across several protected groups as set out in the EIAs. This was principally the direct result of reductions in the number of people that would be able to access the services once the budgets were reduced. There would be a disproportionate effect on people with protected characteristics because there was a high correlation between these and the groups the services were designed to serve.

The principal mitigation was to ensure future provision was focussed more closely on those who needed it most, both geographically and in terms of which residents were targeted. In the case of community arts, this would mean ensuring 100% of grant funding was spent on assisting older people, disabled people and people with mental health problems. With community advice, the Council would focus primarily on welfare benefits and debt advice and require the contractor to act proactively to find people who needed the service most. Both services would be better targeted in the geographical sense. However, these measures might not completely mitigate against the impacts.

Any equalities impacts of withdrawing core funding for the artsdepot would only impact if the artsdepot as a consequence changed or scaled down its programme or was unable to continue to trade. The potential impacts were not clear cut, but any impact on the artsdepot's programme would impact on those with protected characteristics as well as other users, but the Council did not have any evidence that there would be a greater impact on the former than the latter. Consultation responses suggested that some mitigation of any impacts could be achieved by seeking to retain the arts depot as a community hub. The Council had decided to continue its contract with artsdepot for a programme for children and young people as part of its youth offer, but another provider would have to be found if artsdepot were unable to continue providing it.

The equalities impact of rolling the Council's small grants funding into the Big Society Innovation Fund should be minimal in 2011/12 as fluctuations in other funds the Council administered would result in broadly the same amount of funds being available for small grants as had been available this year.

The Council recognised that the cumulative effect of the range of budget proposals could impact disproportionately on Barnet's voluntary and community sector.

Museums – the decision to withdraw funding from museums would result in cessation of Church Farmhouse Museum (pending review of future options); and withdrawing Barnet Museum grant. Evidence from the museums suggested that there would be an expected impact on school-aged children (class visits), reduced infrastructure used by adults and older adults for pleasure and leisure, and reduced infrastructure used by families, individuals, and local history and interest groups. However, analysis of national and local customer information suggested that this proposal was not expected to have a disproportionate impact on any group covered by equalities legislation.

Consultation had taken place on budget options both at a Council wide level, and at a service level on detailed options, to ensure that the impact of proposals had been fully explored with service users. This was an important part of ensuring the assessment of the equality impact had been considered properly. This was set out in Appendix 1 to the Cabinet Members' report.

Staffing implications and associated costs

The budget savings set out in the Cabinet Members' report at Appendix 3 had a number of implications in terms of staffing:

Service	Letters sent	Per budget headlines	2011-12	2011-12	2012-13	2013-14
	Actual At risk	Expected At risk	Employee	FTE	FTE	FTE
Adult Social Services	37	38	28	47	6	28
Chief Executive Service	3	8	2	7	0	0
Children's Service	146	141	103	88	21	69
Children's Service - Grants EIG	174	225	77	77	0	0
Children's Service Grants DSG inc Academies	62	116	15	6	0	0
Children's Service - Grants general grant withdrawal	59	67	50	35	0	0
Commercial	37	39	2	2	4	0
Corporate Governance inc Grants	58	74	11	12	3	3
Revenues and Benefits	2	2	2	4	0	0

Customer Services, Libraries, Registrars inc Bookstart Grant	**20***	**19***	**8**	**11**	**22**	**0**
HR	**0**	**1**	**1**	**2**	**1**	**0**
IS	**0**	**0**	**0**	**4**	**8**	**0**
Environment & Operations inc Grant Withdrawal	**63**	**62**	**31**	**54**	**13**	**1**
Special Parking Account	**12**	**12**	**8**	**12**	**0**	**0**
Finance inc Grants	**8**	**8**	**1**	**3**	**1**	**12**
Planning, Housing & Regeneration	**3**	**6**	**6**	**16**	**0**	**0**
SERVICE TOTAL	**684**	**818**	**345**	**380**	**79**	**113**

The Cabinet Members' report pointed out that the above information was provided to enable Cabinet to understand the full service delivery and financial implications of the budget proposals. All staffing related decisions were the responsibility of Council.

Redundancy Consultation Process
Statutory 90 day consultation had commenced on 3rd December 2010 and would close in March 2011. The full consultation document could be found on the Council's intranet. The consultation process would consist of collective consultation with the Trade Unions and individual consultation with staff at risk of redundancy. The total number of staff at risk was estimated at approximately 800. Consultation was concerned with:

- Avoiding the dismissals;
- Reducing the numbers to be dismissed; and
- Mitigating the consequences of the dismissal.

Where there were restructures required to deliver these savings then consultation would also take place on these changes during the 90 day period so that the restructures could be implemented by 31 March to ensure that full in year savings were achieved. It was intended that redundancy dismissals would be completed by 31 March 2011 except for those people on teaching terms who had extended notice periods.

Severance
Severance payments would be calculated in accordance with the Managing Organisational Change Policy agreed at the General Functions Committee on 25 October 2010.

Severance Costs
The cost of redundancies was estimated at between £7m and £10m. The Council had applied for permission to capitalise these costs in 2010/11, and received approval to capitalise only the statutory element of these costs, totaling £2.3m. There was currently a revenue provision of £7.0m in its budgets to meet redundancy costs. These costs were factored into the 2010/11 budget position as set out above.

An internal redeployment panel had been established which scrutinized all redundancy costs to ensure that the Council's limited resources were used to best effect. All potential redundancies were scrutinized over the level of their cost and where the total cost of making an employee redundant was in excess of 18 months salary (excluding on-costs) then the Directorate would be asked to reconsider whether the saving could be achieved in another way. The redeployment panel comprised the Deputy Chief Executive; Assistant Director HR and the relevant Service Director.

Equality Impact Assessment (EIA)
A Council wide staff EIA had been undertaken and this looked at the Equality impacts at key milestones. The data collected at the point that staff were identified as at risk is as follows:

		Equality Dimensions At Outset		Equality Dimensions at Initial Identification at risk of redundancy	
Date		3.12.2010		3.12.2010	
		No.	% of popn	No.	% of at risk population
Number of employees		4159	-	684	16.4%
Gender	Female	2780	66.8%	495	72.4%
	Male	1379	33.2%	189	27.6%
Date of Birth	1996-1986	166	4.0%	19	2.8%
	1985-1976	835	20.1%	164	24.0%
	1975-1966	1049	25.2%	187	27.3%
	1965-1951	1758	42.3%	273	39.9%
	1950-1941	322	7.7%	41	6.0%
	1940 and earlier	29	0.7%	0	0.0%
Ethnic Group	White	2596	62.4%	446	65.2%
	Mixed	92	2.2%	15	2.2%
	Asian and Asian British	436	10.5%	52	7.6%
	Black or Black British	515	12.4%	79	11.5%
	Chinese or Other Ethnic Group	104	2.5%	15	2.2%
	Not declared/Blank	416	10.0%	77	11.3%
Disability	Disabled	34	0.8%	7	1.0%
	No disability	3893	93.6%	638	93.3%
	Not stated	232	5.6%	39	5.7%
Pregnancy and Maternity	Maternity Leave (current) (SMP&OMP)	55	1.3%	0	0.0%
	Maternity Leave (in last 12 months)	86	2.1%	0	0.0%
Religion or Belief	Christian	1911	45.9%	318	46.5%
	Hindu	230	5.5%	22	3.2%

	Jewish	150	3.6%	33	4.8%
	Muslim	178	4.3%	32	4.7%
	Other religions inc Buddhist and Sikh	194	4.7%	27	3.9%
	No religion	752	18.1%	142	20.8%
	Not stated	744	17.9%	110	16.1%
Sexual Orientation	Heterosexual	2659	63.9%	466	68.1%
	Other	55	1.3%	13	1.9%
	Not stated	1445	34.7%	205	30.0%
Marriage and civil partnership	Married	1370	32.9%	199	29.1%
	Single	1052	25.3%	162	23.7%
	Other	178	4.3%	24	3.5%
	Not stated	1559	37.5%	299	43.7%

9.6.9 The at risk data has been collected and the data identifies that females at initial risk of redundancy are 5% higher than the outset data. This reflects the fact that children's centres are predominantly female environments and all children's centres staff have been put at risk pending clarification of the grant funding situation and the completion of the service user consultation about children's centres.

Council Tax

The detailed Council Tax base schedules were included in Appendix 5 to the Cabinet Members' report. Under delegated powers, the Chief Finance Officer had determined the 2011/12 taxbase to be 139,657 (Band D Equivalents) – the calculation was as set out below:

Council Taxbase	Band D Equivalent 2010/11	Band D Equivalent 2011/12
Number of properties	160,836	161,644
Estimated discounts	(18,050)	(18,248)
Estimated other changes	(3,479)	(1,775)
Total Relevant Amounts	**139,307**	**141,622**
Estimated non-collection (1.5%)	(2,089)	(2,125)
Contribution on lieu of MoD	228	160
Council Taxbase	**137,446**	**139,657**

Council Tax
The calculation of the council tax for Barnet was as set out below:

BUDGET	2010/2011 Original	2010/2011 Current	2011/2012 Original
	£	£	**£**
Total Service Expenditure	**300,768,570**	**298,721,570**	**284,329,571**
Contribution to / (from) Specific Reserves	2,550,589	1,973,430	3,996,192
NET EXPENDITURE	**303,319,159**	**300,695,000**	**288,325,763**
Other Grants	(36,414,053)	(33,789,894)	(33,354,200)
BUDGET REQUIREMENT	**266,905,106**	**266,905,106**	**254,971,563**
Formula Grant	(111,902,000)	(111,902,000)	(99,505,391)
Collection Fund Adjustments	(1,998,060)	(1,998,060)	
BARNET'S DEMAND ON THE COLLECTION FUND	**153,005,046**	**153,005,046**	**155,466,172**
Council Tax	137,446	137,446	139,657
Basic Amount of Tax	**1,113.20**	**1,113.20**	**1,113.20**

The provisional GLA precept was £43,268,532, making the total estimated demand on the Collection Fund £198,734,704. The final GLA precept would not be agreed until 23rd February 2011 so would still be in draft at the time that Cabinet approve this report.

The Council was required to set levels of council tax for each category of dwelling. As there were no special items within Barnet's or the GLA's budgets affecting parts of the borough, there were only eight amounts of tax to set, as set out below:

Council Tax Band	**Barnet**	**GLA**	**Aggregate**
	£	**£**	**£**
A	742.13	206.55	948.68
B	865.82	240.97	1106.79
C	989.51	275.40	1264.91
D	1113.20	309.82	1423.02
E	1360.58	378.67	1739.25
F	1607.96	447.52	2055.48
G	1855.33	516.37	2371.70
H	2226.40	619.64	2846.04

Individual Council Tax bills would reflect occupancy status with discounts for low occupancy (one or no adults) and exemptions for specific circumstances. In addition, some residents would be eligible for Council Tax Benefit.

Housing Revenue Account

Introduction

The Local Government & Housing Act 1989 required the Housing Revenue Account (HRA) to be maintained as a ring-fenced account and prescribed the debits and credits for it. Any surpluses generated from the HRA could be used to support the account when it failed to break even and for any one year a budget could be set such that there was a drawing on balances, but it was not permissible for an overall HRA budget deficit to be set. It was for the Council to determine what level of balances should be maintained. The quarter 3 monitoring position indicated that at 31 March 2010 the HRA balances were £4.143m, and were forecast to be £4.880m at 31 March 2011.

The principal items of expenditure within the HRA were management and maintenance costs, together with charges for capital expenditure (depreciation and interest). This was substantially met by rent and service charge income from dwellings, garages and commercial premises. However, the national housing subsidy system was a mechanism for redistributing resources between local housing authorities and in 2011/12 Barnet had to contribute £10.9m to the pool. The Coalition Government had confirmed its commitment to proceeding with reform of the National Housing Revenue Account subsidy system (NHRASS) following work carried out under the previous government. The key element of the proposal was a move to a self financing system whereby councils would keep all the rents that they collected to pay for the management and maintenance of council housing, in return for taking on additional debt rather than paying negative subsidy to the government as at present.

It had been the practice in earlier years to use some of the surpluses generated from the HRA to finance capital investment in the housing stock as capital resources were scarce. This could only be done in future if the level of balances was high enough to meet any contingencies that might arise. The draft HRA for 2011/12 showed an improved position compared to that previously reported in the forward financial plan with an estimated contribution to balances of £1.8m. The longer term position would need to be reviewed, with the updating of the 30 year business plan required for the self financing model, once the details of the Government's self financing offer were known.

The Housing Revenue Account (HRA) was a statutory ring-fenced account covering all revenue expenditure and income relating to the housing stock. The Council was required to construct a budget to ensure that the account for the year did not show a debit balance. 2011/12 would be the seventh year of management of the housing stock by Barnet Homes, and the summary HRA was shown in Appendix 7 to the Cabinet Members' report.

Rent Restructuring and 2011/12 Rent Increase

The Government's rent convergence policy – together with a formula for setting annual council and housing association rent increases –had been introduced in the early 2000s with the aim that local authority and housing association tenants would eventually pay similar rents for similar properties in similar areas. At the time, it was thought this would take around 10 years to implement.–All rents would eventually be calculated on the same basis, with 70% based on average earnings for the region (adjusted for numbers of bedrooms) and 30% based on the valuation as at January 1999. The Government had consulted during the summer of 2005 on a 3-year review of rent restructuring, and had implemented its proposals in 2006/07. These had involved a re-calculation of base formula rents in line with those used for housing association properties, together with higher weightings for properties with three or more bedrooms

Ministers had decided to stay with rent convergence policy and to use the existing formula to determine the average guideline rent increase for 2011-2012. The rent increase had, therefore, been established according to RPI inflation at September 2010, which was 4.6%, combined with a factor for convergence. The Determination was based on convergence within 5 years, a measure which had gained support in consultation responses. A 2015-2016 convergence timeframe was consistent with the Department's work on self-financing.

These inflation and convergence factors had been used to calculate 2011-2012 guideline rents, and had resulted in a national average increase of 6.8%. However the increase to any individual property was limited to inflation (deemed to be 4.6%) plus 0.5% plus £2 per week (on a 52 week basis) The application of the rent convergence formula combined with rent limitation had resulted in an average rent increase of 6.5% for Barnet tenants, i.e. 0.3% below the national average rent increase. Should rents be increased by less, this would lead to a reduction in service provision.

Housing Subsidy

The Final Housing Subsidy Determination for 2011/12 had been received on 10th January 2011 and details were set out as below together with recommendations for changes to charges within the HRA for 2011/12.

The management allowance had been set at £698.24 per dwelling, an increase of 4.39%, while the maintenance allowance had increased by 6.35% to £1,376.80 per dwelling. The guideline rent increase reflected the restructuring referred to above.

The Major Repairs Allowance (MRA) was also paid as part of housing subsidy. Barnet's allocation had increased by £456,704 from 2010/11 to £9,315,504 (£848.17 per dwelling).

Service Charges

Service charges for tenants had been introduced in 2003/04 for specific services (mainly caretaking), and it was proposed that these be raised by 5.1%. Charges for these services would not generally recover the full cost of their provision. The proposed increase was in line with the rent increase, excluding convergence factor (RPI of 4.6% plus 0.5%)

Barnet Homes were undertaking a detailed review of heating charges and recovery and it was proposed that the charges are frozen pending the outcome of the review.

HRA Summary & Working Balance

Total expenditure for 2011/12 was estimated at £55.077m, including payment of £10.887m to the Government in respect of housing subsidy. The proposed average rent increase of 6.5% was estimated to raise an additional £2.932m after the effect of forecast reduction in property numbers was taken into account. Efficiency savings made by Barnet Homes had resulted in a reduction in the management fee of £0.35m for 2011/12.

It was proposed that rents for the Council's hostels be increased in accordance with the general rent increase. Rents for the Council's shared ownership schemes would also be raised in line with the general rent increase. It was also recommended that rents on garages be increased by 6.5%.

The HRA for 2011/12 showed an estimated contribution to balances of £1.658m, thus the estimated balance at 31 March 2012 was some £6.738m.

HRA Minimum Revenue Provision (MRP)
Unlike the General Fund, there was no requirement for the HRA to be charged with the MRP or its depreciation equivalent. The Government's removal of this legal requirement, combined with subsidy changes resulted in there being no equivalent reduction in debt unless a voluntary charge were made – without subsidy, which had to found from within HRA resources. Barnet's current policy was to not make a charge which was robust from a legal perspective. The option of making a charge remained a consideration for the council should it prove beneficial to do so.

Reform of Council Housing Finance
During 2009/10 the Government had issued a consultation paper on the reform of council housing finance, which had proposed dismantling the existing HRA subsidy system, replacing this with a self-financing system. This would be based on a 30-year business plan but would involve the redistribution of housing debt (some £18bn nationally) across all authorities. This would be based on a Net Present Value calculation based on the business plan.

The Council's joint response with Barnet Homes had supported this in principle, but had concerns as to what the detail of such a proposal might entail. In particular the Council would almost certainly have to take on more debt as a result. Whilst this would be met through housing rents there was concern that as debt was pooled within local authorities there could be an adverse effect on the General Fund.

Details of the government's reforms had been released on 1 February 2011 and were currently being considered in detail. A 30 year business plan had been produced in May 2010 as required for consultation on the self financing model and this would now be updated as the details of the Governments self financing offer emerged.

Capital Programme

The capital programme set out the plans for investment in buildings, roads, equipment, other assets and capital grants over 2010/11 to 2013/14 and beyond.

The recommended capital programme was set out in Appendix 8to the Cabinet Members' report. Decisions on the level of capital expenditure depended on the availability of various sources of funding. This included capital grants, capital receipts, developer contributions and borrowing.

Government supported investment through capital grants that were generally ring fenced to specific programmes (such as schools) or projects and was real funding to the council. Barnet had received a small amount of funding for additional school places, and this was included in the financing of the proposed capital programme.

Previously the government had also funded capital investment by providing revenue funds for “supported borrowing”. The system had changed for 2011/12, and there was no longer supported borrowing available to Councils.

The financing of the capital programme assumed an additional £40m of capital receipts being generated to finance the programme over the next 3 years. This level of funding was essential if the Council was going to continue to make minimum investments in local infrastructure. This figure was underpinned by a detailed schedule of assets surplus to requirements.

New capital proposals were supported by a full business case, which detailed the contribution schemes would make to achieve the Council's priorities, all the available options for implementing the project and financial implications of each. The relative merits of each proposal were assessed within the context of available capital resources to produce a prioritised capital programme.

At a service level, the capital programme was underpinned by asset management plans, which made an assessment of the resources needed to maintain and upgrade the Council’s estate.

Provision for revenue costs (running costs and borrowing) were included in the revenue budget. Updated reports would be submitted to Members to confirm final costs. Regulations on minimum revenue provision required the Council to agree the policy for repayment of capital. The policy is included as part of the Treasury Management Strategy and the revenue budget and forward plan allowed for the increase in the statutory cost for the repayment of borrowing based on asset life.

Reference had already been made to the prudent assumptions made on capital receipts that would be available to support the programme. The planned funding of the capital programme was included in Appendix 8 to the Cabinet Members’ report. The planned level of borrowing was not forecast to increase at all for the period 2011 to 2014.

The HRA programme for the improvement of homes was managed by Barnet Homes. It had entered into partnering agreements with the major contractors who would deliver the bulk of the programme until 2011/12. Funding was via the ALMO Decent Homes borrowing, other supported borrowing, and the Major Repairs Allowance.

Treasury Management Strategy

The Treasury Management Strategy was included at Appendix 9 to the Cabinet Members’ report. A revised Treasury Management Strategy had been agreed by the Cabinet Resources Committee on 30th November 2010. Since that point, the strategy had been updated to reflect the following:

- The prudential indicators had been updated to reflect the Council's capital programme; and

- The Strategy had been updated to reflect the latest forecasts for interest rates. Base rate is expected to remain at 0.5% for much of 2011/12, and therefore the assumptions in the budget strategy for interest receipts remained the same.

Cabinet were asked to note the Treasury Management Strategy as set out in Appendix 9 to the Cabinet Members' report which would go to Cabinet Resources Committee for approval.

Robustness of the budget and assurance from Chief Financial Officer

The Chief Finance Officer was required under section 25 of the Local Government Finance Act 2003 to report to the Council on the robustness of the estimates and the adequacy of reserves. The Council's reserves and balances policy had been updated and was presented for approval at Appendix 10 to the Cabinet Members' report.

Robustness of estimates

The financial planning process for 2011/12 and future years had taken place within the context of the most severe resource constraint experienced by local authorities for many years. The magnitude of the reductions in government support, and the front-loading into the first two years of the four-year Spending Review period, meant that particular regard had to be had to the robustness of the budget estimates.

The financial planning process had been managed at officer level through a cross-Council finance and business planning group. This group had overseen the process for financial planning, including medium-term resource projections, the strategic context for the borough, the quantification of new pressures on resources, and the identification of potential budget savings. In recognition of the scale of the challenge facing the Council, the One-Barnet transformation programme had been a key element of the process and had been fully integrated into financial planning.

Partnership working was an important element in ensuring robustness in the budget estimates. The Council had engaged with partners on financial planning in a number of fora, and had managed the crucial relationship with the NHS through a joint financial planning group.

Extensive consultation had taken place in respect of the budget proposals in general, and also in respect of specific planned changes. Consultation feedback had been taken into consideration as final proposals to the Council had been formulated.

At Member level, the Budget and Performance Scrutiny Committee had considered the financial planning process and made recommendations to Cabinet. Cabinet had given extensive informal and formal consideration to the financial planning process, including at formal meetings in June, October and December 2010.

The Cabinet Members' report set out the following statement:

In the view of the Chief Finance Officer, the proposed budget for 2011/12 is robust.

Adequacy of reserves
The Council's reserves and balances policy set out the reserves which would be maintained and the principles for determining adequacy.

For general reserves, the principles could be addressed as follows:

- Strategic financial context: th Cabinet Members' report set out the severe resource constraint under which the Council would be operating through the medium-term. A balanced general fund position was put forward over the three-year period, requiring expenditure reductions/increases in income of £53.4m and unavoidable growth of £6.8m. For the housing revenue account, a challenging government settlement had been agreed for 2011/12, and major reform was anticipated in 2012/13 which would greatly increase the autonomy of the Council as a provider of housing;
- Governance arrangements: the annual governance statement for 2009/10 had indicated that a robust governance framework was in place consistent with the six principles of the CIPFA/SOLACE framework. The key improvement areas identified for 2010/11 had been progressed satisfactorily;
- Robustness of the budget process: the above paragraph concluded that the budget-setting process had been robust;
- Effectiveness of risk management: the effectiveness of the risk management process had been improved during 2010/11, with clearer identification of service and corporate risks and clearer action plans to mitigate those risks. The corporate risk register was attached as Appendix 11 to the Cabinet Members' report, and service and corporate risks had been taken into account in budget setting and in considering the adequacy of reserves;
- Effectiveness of budget management: the Council had robust arrangements for managing budgets and performance, and these had been further improved during 2010/11 through the introduction of a new quarterly performance process and reports. However, in the view of the exceptional challenge of the current financial context, the officer finance and business planning group would monitor implementation of savings on a line-by-line basis, with monthly reporting to the Cabinet Resources Committee.

The Cabinet Members' report set out the following statement:

Having considered the application of the above principles, the Chief Finance Officer recommends:

- General fund general reserves of a minimum of £15m; and
- Housing revenue account general reserves of a minimum of £3m, increasing to a target minimum level of £5m over the medium term in recognition of planned increased local autonomy.

The latest position in respect of general reserves was as follows:

General reserve	March	2010/11	March	2011/12	March

	2010		2011		2012
	£m	£m	£m	£m	£m
General fund	15.8	(0.8)	15.0	0	15.0
Housing revenue account	4.1	0.8	4.9	1.8	6.7

For specific reserves, the Chief Finance Officer had considered matters relevant to each reserve and advised the following planned levels:

Specific reserves	31/3/10	2010/11	31/3/11	2011/12	31/3/12
	£m	£m	£m	£m	£m
Risk	11.4	(2.0)	9.4	3.8	13.2
Transformation	3.5	3.0	6.5	(5.8)	0.7
PFI	5.1	(0.6)	4.5	(0.4)	4.1
Service reserves	12.6	(3.5)	9.1	0	9.1
Council total	**32.6**	**(3.1)**	**29.5**	**(2.4)**	**27.1**
Schools reserves	11.9	0	11.9	0	11.9
Total	**44.5**	**(3.1)**	**41.4**	**(2.4)**	**39.0**

Before discussing the Cabinet members' report, Cabinet were addressed my Dr Gillian Gear of the Barnet Museum in connection with the budgetary proposals for the cessation of financial support for the Museum as referred to above.

Cabinet were also supplied with updated details of petitions received since publication of the papers for this meeting.

In leading discussion on the budget proposals

- The Leader of the Council stated that this was the most difficult budget that could be recalled. Referring to the cut of 25% in government support over the next two years she stated that difficult decisions had had to be faced in ceasing some desirable functions on order to preserve vital services, whilst avoiding any increase in Council Tax
- The Cabinet Member for Resources and Performance stated that the Council had taken prudent action in anticipating severe cuts in government support. The budget had minimised any adverse effects on the vulnerable, and he drew attention to the work now going forward on early intervention and safeguarding. Increases in Council Tax such as were happening in other areas would not be affecting Barnet.
- The Deputy Chief Executive and Section 151 Officer confirmed that he was satisfied
  - At the robustness of the estimates before Cabinet, and
  - At the level and adequacy of reserves

  In respect of reserves he drew attention to the position set out in Appendix 10 to the Cabinet Members' report. He confirmed that he considered it prudent to maintain these at £15m. He also drew attention to the budget pressures described in the report and to the provision made for specific reserves.

The Cabinet Members with responsibility for the highest-spending portfolios gave brief outlines of the principle features of the budgets for the services areas concerned as set out in the report.

The Cabinet Member for Education, Children and Families referred to the targeting of resources fairly in support of the most vulnerable having regard to the Borough's changing population. He drew attention to the Equality Impact Assessments and to the consultation responses. In discussions on the effect on the Borough's high educational standards of the reduction in the School Inspection Service he referred to the consultation that had taken place with schools and felt t the delegation of greater responsibility to schools. The proposals relating to early intervention were welcomed by Cabinet Members. The Cabinet Member referred to the arrangements for more efficient working with the voluntary sector through a move to commissioned services.

The Cabinet Member for Environment described how services would be maintained despite making a contribution of 20% of the budget by way of savings. He drew attention to the work in hand to reform the parking service and the move to cashless parking. He referred to the proposals regarding school crossing patrols, explaining that the anomaly by which a minority of schools had this provision centrally funded was now being ended.

The Cabinet Member for Adults stressed that his budget proposals were founded on the need to focus resources on meeting the needs of the most vulnerable. He emphasised the careful monitoring that would take place of individual cases to ensure that the Council intervene where necessary. He referred to the work done with the voluntary sector to achieve effective use of resources and reduce duplication of provision.

The Leader of the Council left the room during discussion of those elements of the budget relating to Adult Services.

The Cabinet Member for Housing, Planning and Regeneration referred to the ambitious targets set for the reduction of costs but also drew attention to the fact that the model of government support for this service area was about to undergo dramatic change.

The Cabinet Member for Customer Access and Partnerships drew attention to the savings from One Barnet projects. He stated that in the current economic climate it had been necessary to cut back on desirable services in order to concentrate on protecting the vulnerable. He considered that adverse impact on the vulnerable was limited by this adoption of a more targeted approach. The Cabinet Member referred to the assistance that was being given to assist the two museums in securing their future, and also to the ongoing consultation on the Library service, a report on which would be brought to Cabinet in March.

Before asking Cabinet to make their formal recommendation to Council on the budget proposals the Leader of the Council emphasised the need for Cabinet Members to have due regard to the Equalities Impact Assessments submitted to them.

Having conscientiously considered the consultation outcomes, and given due regard to their statutory equalities duties, Cabinet agreed to recommend Council in the following terms. Cabinet's formal endorsement of these recommendations was taken in two stages:

- Firstly, Cabinet endorsed all the recommendations with the exception of those relating to Adult Service;
- Secondly, the Leader having left the room, Cabinet endorsed the recommendations relating to Adult Services.

Cabinet accordingly

RESOLVED TO RECOMMEND

1.1 That Council resolves as follows: -

Medium Term Financial Strategy (MTFS)

1.2 That the MTFS be approved as attached at Appendix 2 to the Cabinet Members' report.

Savings and Pressures

1.3 That the savings set out in Appendix 3 to the Cabinet Members' report be approved**.**

1.4 That the pressures set out in Appendix 4 to the Cabinet Members' report be approved.

Revenue Budget and Council Tax

1.5 That Council approve the estimates of income and expenditure for 2011/12 as set out in Appendix 5 to the Cabinet Members' report prepared on the basis of a Council Tax freeze for 2011/12.

1.6 That it be noted that the Chief Finance Officer under his delegated powers has calculated the amount of 139,657 (band D equivalents) as the Council Tax base for the year 2011/12 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under Section 33(5) of the Local Government Finance Act 1992.

1.7 That Council approve the following amounts now calculated for the year 2011/12 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992 (see Appendix 5 to the Cabinet Members' report):

(a) £906,491,925 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act;

(b) £651,520,362 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act;

(c) £254,971,563 being the amount by which the aggregate at 1.7(a) above exceeds the aggregate at 1.8(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year;

(d) £99,505,391 being the aggregate of the sums which the Council estimates will be payable for the year into its general fund in respect of redistributed non-domestic rates, revenue support grant or additional grant increased or reduced (as appropriate) by the amount of the sums which the Council estimates will be transferred in the year from:-

- Its collection fund to its general fund; and
- Its general fund to its collection fund in accordance with Sections 97(3) and (4) and 98 (4) and (5) respectively of the Local Government Finance Act 1988.

(e) £1,113.20 being the amount at 1.7 (c) above less the amount at 1.7(d) above, all divided by the amount at 1.7 above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year 2011/12;

London Borough of Barnet Valuation Bands (£)

A	B	C	D	E	F	G	H
742.13	865.82	989.51	1,113.20	1,360.58	1,607.96	1,855.33	2,226.40

Being the amounts given by multiplying the amount at 1.7(e) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which is in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

1.8 That it be noted that for the year 2011/12 the Greater London Authority has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:-

Greater London Authority Valuation Bands (£)

A	B	C	D	E	F	G	H
206.55	240.97	275.40	309.82	378.67	447.52	516.37	619.64

1.9 That, having calculated the aggregate in each case of the amounts at 1.5(e) and 1.6 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2010/11 for each of the categories dwellings shown below: -

Council Tax for Area (£)

A	B	C	D	E	F	G	H
948.68	1,106.79	1,264.91	1,423.02	1,739.25	2,055.48	2,371.70	2,846.04

1.10 That in accordance with Section 38(2) of the Act the Chief Executive be instructed to place a notice in the local press of the amounts set under recommendation 1.10 above pursuant to Section 30 of the Local Government Finance Act 1992 within a period of 21 days following the Council's decision.

Housing Revenue Account and Rents

1.11 That Council approve the Housing Revenue Account estimates for 2011/12 as set out in Appendix 7 to the Cabinet members' report.

1.12 That, with effect from 1 April 2011:-

(a) The rent of all Council dwellings be changed in line with the proposals outlined in this report, producing an average increase of 6.5%

(b) That the rents of all properties re-let for whatever reason be moved upwards to the formula rent. Where formula rent is below actual rent no reduction will be made.

(c) That service charges for all tenants of all flats and maisonettes based on the services they receive be held at the following charges (per week, 48 week basis):-
Caretaking £5.72
Caretaking Plus £7.39
Block Lighting £0.91
Grounds Maintenance £0.59
Quarterly Caretaking £1.15
Communal Digital TV £0.76

(d) That the charges for space and water heating for those properties served by the Grahame Park boiler house and other properties be frozen pending a detailed review of charges and recovery.

(e) That the leaseholder management fees be increased as follows:

- Fixed fee element - £113 to £119
- Variable fee element – 23.7% to 24.5%
- Freeholder fee - £25 to £35

(f) That the charges for the Assist (Lifeline) Service and the Warden Service are frozen at current levels.

(e) That, with effect from 1 April 2011, the rents of Council garages be increased by 6.5% in line with the increase in general dwellings rents.

(f) That the Chief Executive be instructed to take the necessary action including the service of the appropriate Notices.

Capital

1.13 That Council approves the capital programme as set out in Appendix 8 to the Cabinet Members' report, and that the Chief Officers be authorised to take all necessary action for implementation.

1.14 The Chief Finance Officer be authorised to adjust capital project budgets in 2011/12 throughout the capital programme after the 2010/11 accounts are closed and the amounts of slippage and budget carry forward required are known.

1.15 That where slippage results in the loss of external funding and a new pressure being placed on prudential borrowing, the relevant Director report on options for offsetting this impact by adjusting other capital projects.

Treasury Management, Capital Prudential Code and Borrowing Limits

1.16 The Council note the Treasury Management Strategy for 2011/12 as set out in Appendix 9 to the Cabinet Members' report which will go to Cabinet Resources Committee for approval.

1.17 That the full set of Prudential Indicators set out in Appendix 9 to the Cabinet Members' report be noted and that the Chief Finance Officer be authorised to raise loans, as required, up to such borrowing limits as the Council may from time to time determine and to finance capital expenditure from financing and operating leases.

Reserves and Balances Policy

1.18 That Council agree the Reserves and Balances Policy as set out in Appendix 10 to the Cabinet Members' report stating that the minimum level of General Fund balances should be £15m after taking account of all matters set out in the Chief Finance Officer's report on reserves and balances as set out in the appendix.

Corporate Risk Register

1.20 That Council note the Corporate Risk Register as set out in Appendix 11 to the Cabinet Members' report.

Equality Impact Assessments

1.21 That Council note the Equality Impact Assessments included in Appendix 12 to the Cabinet members' report. A summary of the equality impact of every budget saving proposal having been included in Appendix 3, and a summary of the issues set out in paragraph 9.5.6 of the report; the appendix providing the full assessments where significant changes to service delivery are proposed.