Meeting of the Council of the London Borough of Barnet

TO BE HELD ON

TUESDAY 1ST MARCH, 2016 AT 7.00 PM

VENUE

HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BQ

A G E N D A

ASSURANCE GROUP

To view agenda papers go to: http://barnet.moderngov.co.uk/ieListMeetings.aspx?CommitteeId=162

Agenda and Timetable
Tuesday 1st March, 2016

Item	Subject	Timing	Page Nos
	Part 1 - Statutory formalities/Announcements (15 minutes)	**7.00pm – 7.15pm**	
1.	**Apologies for absence**		
2.	**Elect a Member to preside if the Mayor is absent**		
3.	**Prayer**		
4.	**Declarations of Interest**		
5.	**Minutes of the last meeting**		1 - 14
6.	**Official announcements**		
7.	**Any business remaining from last meeting**		
8.	**The Mayoralty for the Municipal Year, 2016-2017**		
	Part 3 - Statutory Council Business	**7.15pm – 10.00pm**	
9.	**Petitions for Debate (20 minutes). A petition organiser (up to 5 minutes) and Members responding (up to 15 minutes)**		
10.	**Reports from the Leader**		
11.	**Reports from Committees**		
11.1	Report of Policy and Resources Committee- Business Planning 2015/16 to 2019/20		15 - 286
11.2	Report of Policy and Resources Committee - Loan to Barnet Homes' Registered Provider (Opendoor Homes) for the development of new affordable homes		287 - 338
11.3	Report of Policy and Resources Committee -		339 -

	Establishment of a new wholly owned council housing company		352
11.4	Report of Assets Regeneration and Growth Committee - Brent Cross Cricklewood		353 - 400
11.5	Report of General Functions Committee - Pay Policy Statement		401 - 418
	Break (15 minutes)	**8.45pm – 9.00pm**	
12.	**Reports of Officers**	**9.00pm – 10.00pm**	
12.1	Report of the Monitoring Officer - Members Allowance Scheme 2016-17		419 - 446
12.2	Report of Head of Governance		447 - 450
13.	**Questions for Representatives on Outside Bodies**		
14.	**Motions for Adjournment**		
15.	**Motion to Exclude the Press and Public** That under Section 100A (4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 9 of Part 1 of Schedule 12A of the Act (as amended)		
16.	**Report of Assets Regeneration and Growth Committee - Brent Cross Cricklewood (Exempt)**		451 - 460

Andrew Charlwood, Head of Governance
Building 4, North London Business Park, Oakleigh Road South, N11 1NP

FACILITIES FOR PEOPLE WITH DISABILITIES
Hendon Town Hall has access for wheelchair users including lifts and toilets. The Council Chamber has an induction loop so that those who have hearing difficulties can hear the debate. **If you wish to let us know in advance that you will be attending the meeting, please telephone Kirstin Lambert on 020 8359 2177 (direct line).**

People with hearing difficulties who have a text phone, may telephone our Minicom number on 020 8203 8942.

FIRE/EMERGENCY EVACUATION PROCEDURE
If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by Committee staff or by uniformed custodians. It is vital you follow their instructions. You should proceed calmly; do not run and do not use the lifts. Do not stop to collect personal belongings Once you are outside, please do not wait immediately next to the building, but move some distance away and await further instructions. Do not re-enter the building until told to do so.

Minutes

OF THE MEETING OF THE COUNCIL OF THE LONDON BOROUGH OF BARNET
held at Hendon Town Hall, The Burroughs, London NW4 4BQ, on 26 January 2016

AGENDA ITEM 5

PRESENT:-

The Worshipful the Mayor (Councillor Mark Shooter)
The Deputy Mayor (Councillor Alison Cornelius)

Councillors:

Hugh Rayner
Maureen Braun
Rebecca Challice
Pauline Coakley Webb
Dean Cohen
Jack Cohen
Philip Cohen
Geof Cooke
Richard Cornelius
Tom Davey
Val Duschinsky
Paul Edwards
Claire Farrier
Anthony Finn
Brian Gordon
Eva Greenspan
Helena Hart
John Hart
Ross Houston
Anne Hutton
Andreas Ioannidis
Dr Devra Kay
Sury Khatri
Adam Langleben
Kathy Levine
David Longstaff
Kitty Lyons
John Marshall
Kath McGuirk
Arjun Mittra
Alison Moore
Ammar Naqvi
Nagus Narenthira
Graham Old
Charlie O-Macauley
Bridget Perry
Wendy Prentice
Sachin Rajput
Barry Rawlings
Tim Roberts
Gabriel Rozenberg
Lisa Rutter
Shimon Ryde
Brian Salinger
Gill Sargeant
Joan Scannell
Alan Schneiderman
Agnes Slocombe
Stephen Sowerby
Caroline Stock
Daniel Thomas
Reuben Thompstone
Jim Tierney
Laurie Williams
Peter Zinkin
Zakia Zubairi
Rohit Grover

Apologies for Absence

Councillor Melvin Cohen
Councillor Alon Or-Bach
Councillor Reema Patel
Councillor Amy Trevethan

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Melvin Cohen, Alon Or Bach, Reema Patel and Amy Trevethan.

2. ELECT A MEMBER TO PRESIDE IF THE MAYOR IS ABSENT

The Worshipful the Mayor was present.

3. PRAYER

The Mayor's chaplain, Dayan Yonason Abraham, offered prayers.

4. DECLARATIONS OF INTEREST

There were none.

5. MINUTES OF THE LAST MEETING

The minutes of the meeting of 8 December 2015 were agreed as a correct record.

6. OFFICIAL ANNOUNCEMENTS

Students from JCoSS, the Wren Academy and St Mary Church of England School were welcomed to the Council meeting by the Worshipful the Mayor.

The Worshipful the Mayor announced that it was with deep sadness and greatest sympathies he had to advise that Cllr Alison Moore's father recently passed away; John Moore at the age of 91.

The Worshipful the Mayor announced the birth of a grandson to the Chaplain Dayan Yonason, in Israel, and wished him Mazel Tov.

The Worshipful the Mayor noted that Barnet recently marked Holocaust Memorial Day with a service held at Middlesex University. It was noted that around 300 people attended the event, including many Barnet councillors, and there were some very moving and poignant words spoken by those in attendance, including by the Chief Executive of the Holocaust Memorial Day Trust, Olivia Marks-Woldman, Joshua Castellino, Professor of Law and Dean of the School of Law at Middlesex University, and students from JCoSS.

It was noted that a number of Barnet residents who are holocaust survivors had been honoured in the New Years honours list this year. Lily Ebert, of Golders Green received the British Empire Medal (BEM), Susan Pollack, from Temple Fortune, received an MBE for her services to Holocaust Education and awareness, and Agnes Grunwald-Spier, of Golders Green, former Trustee of the Holocaust Memorial Day Trust also received an MBE. The survivors were congratulated at a tea party at the Holocaust Survivors Centre in Hendon, which the Worshipful the Mayor attended earlier in the month. It was further noted that the Worshipful the Mayor had attended a Holocaust Memorial Service at City Hall earlier that day, which was also attended by Boris Johnson. It was noted there were some moving speeches by Holocaust survivors as well as two young students from the borough who had recently visited Auschwitz.

The Worshipful the Mayor thanked everyone who promoted applications to the Civic Awards over the last month, noting that a very large number of applications had been received, and that the results would be announced shortly. Members were requested to note that there was a revised date for the Civic Awards which would now take place on Tuesday 12 April 2016.

The Worshipful the Mayor invited as many people as possible to sign up to the Mayor of Barnet's Community Challenge taking place on Sunday 13 March. It was noted there was the option to take part in either a 20-mile cycle ride around the borough or a three-

2

mile walk or run around the Copthall site to raise money for the Mayor's charities. The Worshipful the Mayor further reminded that his Gala Charity Dinner would be held on 7 April and that tickets were selling out fast.

7. ANY BUSINESS REMAINING FROM LAST MEETING

There was none.

8. QUESTIONS TO THE LEADER (AND COMMITTEE CHAIRMEN IF HE/SHE HAS DELEGATED)

The questions, together with the answers provided and the text of any supplementary questions and answers, are set out in Appendix 1 to the minutes.

9. PETITIONS FOR DEBATE (20 MINUTES). A PETITION ORGANISER (UP TO 5 MINUTES) AND MEMBERS RESPONDING (UP TO 15 MINUTES)

There were none.

10. REPORTS FROM THE LEADER

There were none.

11. REPORTS FROM OTHER COMMITTEES (IF ANY)

There were none.

12. REPORTS OF OFFICERS

12.1 **REPORT OF THE COMMISSIONING DIRECTOR FOR ENVIRONMENT - INTER AUTHORITY AGREEMENT BETWEEN NORTH LONDON WASTE AUTHORITY AND ITS SEVEN CONSTITUENT AUTHORITIES**

Councillor Shimon Ryde left the Chamber at the start of consideration of this item.

The Chief Executive introduced the report.

The recommendations as set out in the report were put to the vote, and were declared carried.

RESOLVED –

1. **That Council agree to be a party to the Inter Authority Agreement (IAA) and to authorise the Commissioning Director - Environment, following consultation with the Chief Operating Officer and the Leader to agree the final form of the IAA on the basis set out in this report.**

2. **That Council agree to the introduction of Menu Pricing and to authorise the Commissioning Director - Environment, following consultation with the Chief Operating Officer and the Leader to agree the final form of Menu Pricing, on the basis set out in this report.**

3

3. **That Council note that the Chief Operating Officer shall be nominated in the IAA as the Council's Representative for the purposes of the IAA and shall discharge that responsibility either personally or by a nominated deputy as appropriate.**

12.2 **LONDON BOROUGHS GRANTS SCHEME - BOROUGH CONTRIBUTIONS, 2016/17**

The Chief Executive introduced the report. Debate ensued.

The recommendations as set out in the report were put to the vote, and were declared carried.

RESOLVED –

1. **That the recommendation of the London Councils Leaders' Committee for an overall level of expenditure of £10,486,000 in 2016/17, involving total borough contributions of £9,000,000 and a levy on Barnet of £373,835, be approved.**

2. **That the Director of Resources be instructed to inform the Chief Executive of London Councils accordingly.**

12.3 **REPORT OF THE HEAD OF GOVERNANCE**

The Head of Governance introduced the report and the supplemental report.

The recommendations as set out in Appendices A, B, B1, C and C1 were put to the vote, and were declared carried.

It was noted there were amendments to recommendations 4 and 5 in the Head of Governance report which had been published as Appendix D1. Councillor Geof Cooke moved an amendment to Appendix D1 as follows:

That Recommendation 2 of Appendix D1 be replaced with:

2. Note that any further variations to the Council calendar will be made by the Head of Governance in consultation with the Chairman of the General Functions Committee and the Leaders of the main Political Parties as agreed by Council on 20 October 2015, and requests that Constitution, Ethics & Probity Committee report back to Council with recommendations to change the Constitution accordingly.

Debate ensued. The amendment in the name of Councillor Cooke was put to the vote and was declared carried.

The substantive recommendations as amended by Councillor Cooke's amendment were then put to the vote and were declared carried.

RESOLVED –

1. **That Council note the changes to the Calendar of Meetings 2015/16 in Appendix A**

2. **That the Monitoring Officer in consultation with the Chairman of the Constitution, Ethics and Probity Committee be delegated the power to appoint an existing Independent Member of the previous Group Leaders Panel as Chairman to the Standards Committee, should the need arise prior to the appointment of a pool of Independent Persons.**

3. **That Council approve changes to Council Constitution Contract Procedure Rules as attached in Appendix C1.**

4. **That Council approve the Calendar of Meetings 2016/17 and 2017/18 as attached, subject to an amendment to change the dates of the Children Education Libraries and Safeguarding Committee from 9 January 2017 and 8 January 2018 to 17 January 2017 and 16 January 2018 respectively.**

5. **That Council note that any further variations to the Council calendar will be made by the Head of Governance in consultation with the Chairman of the General Functions Committee and the Leaders of the main Political Parties as agreed by Council on 20 October 2015, and requests that Constitution, Ethics & Probity Committee report back to Council with recommendations to change the Constitution accordingly.**

13. QUESTIONS TO COUNCIL REPRESENTATIVES ON OUTSIDE BODIES

There were none.

14. MOTIONS (45 MINUTES)

14.1 JOINT MOTION IN THE NAMES OF CLLR REUBEN THOMPSTONE AND CLLR ANNE HUTTON - BARNET'S CORPORATE PARENTING PLEDGE

The Worshipful the Mayor moved under Council Procedure Rules 7.1 and 7.2 for the Suspension of Full Council Procedure Rule 2(14) to ask Council to agree to take a joint motion in the names of Councillor Reuben Thompstone and Councillor Anne Hutton. The suspension of Council Procedure Rules was duly agreed, and debate ensued.

Council voted on the joint motion, and the motion was duly carried.

RESOLVED –

<u>Barnet's Corporate Parenting Pledge</u>

Council recognises that councillors are, individually and collectively, Corporate Parents to all children and young people in care in the London Borough of Barnet. Council notes our special responsibility for those in our care and takes most seriously our role in championing their needs and protecting them from harm.

Council believes the safeguarding of young people to be among the primary functions of the council and a key part of our duties as councillors. Council, therefore, reaffirms our commitment to improving the lives of children in care and care leavers in the borough, by working across the council, with partners and with the young people themselves.

To demonstrate this renewed commitment, Council notes, welcomes, and subscribes to, the following Corporate Parenting Pledge, which sets out what we offer as Corporate Parents and what we expect from our young people in return.

Council notes that the themes around which the Pledge is based were the result of an extensive engagement process involving those in our care and what they told us was important to their prospects and wellbeing.

As Corporate Parents we want to support you to achieve the best in your childhood, adolescence and adulthood. As with all parents we know we won't always get things right, but we pledge to do our best.

A Good Education

- **We, your Corporate Parents, pledge that;**
    - **Our virtual school will support you and your school to ensure you can achieve the best results.**
    - **We will make sure that you have access to good quality early years education between the ages of two and four.**
    - **We will make sure that you have stability in your education and that you only attend a school that is right for your needs.**
    - **We will make sure that you will go to a school rated OFSTED 'good' or 'outstanding' and if not ensure that the virtual school supports you more**
    - **We will ensure that you have access to independent Information, Advice and Guidance in order to help you plan your future career. We will put in place volunteering and work experience opportunities for you.**
    - **We will make sure that you have access to Apprenticeships offered by us, or our partner organisations.**
    - **We will support you post 16 into further education, University or employment.**
    - **We will provide a laptop where it is an essential part of your learning.**

- **I, the child or young person, pledge that;**

6

- I will do my very best to take advantage of the education, training or employment that is provided.
- I will speak to my social worker, personal assistant, teacher, the Virtual School, carer or other workers if I feel that I am struggling.

Feeling a Sense of Belonging

- **We, your Corporate Parents, pledge that;**
  - **We will try our best to ensure that you will be as near to your family and friends as possible where that is in your best interests.**
  - **We will ensure that you are placed in safe and welcoming accommodation.**
  - **We will ensure that your voice and wishes will be at the forefront of any decisions taken on where you live**
  - **We will make sure you are able to 'Stay Put' with your existing foster carers, if you wish, up to the age of 21.**
  - **We will make sure that when you transition to Leaving Care a housing nomination form is undertaken to help you move in to independent living if you wish.**
  - **We will ensure that you have a passport, NI number and all other forms of identification at the times you are legally allowed to have them.**
- **I, the child or young person pledge that;**
  - **I will look after and respect the accommodation, carers and support workers that are there for me.**

Keeping Healthy

- **We, your Corporate Parents, pledge that;**
  - **We will ensure that if you are under 5 years old you will receive a health assessment every 6 months.**
  - **We will ensure that if you are aged 5-18 years old you will receive a health assessment once a year if you consent to have one.**
  - **We will ensure that you have regular eye and dental examinations.**

7

- **We will help you access leisure, recreational and cultural opportunities through reduced rate gym membership, free swimming and school holiday/weekend activities and trips.**
- **We will see that you have a named nurse who can provide support on physical and emotional health issues. If you need more specialist support, such as that through Child Adolescent Mental Health Services, then we will ensure that you are referred for the right interventions at the right time.**

- **I, the child or young person, pledge that;**
  - **I will make sure that I will communicate with an adult about how I am feeling through the way I feel most comfortable. If necessary I will attend appointments related to my health and emotional wellbeing so that I can get the best possible support.**
  - **I will seek to explore my own interests and seek to take full advantage of opportunities to engage with positive activities.**

<u>Staying Safe</u>

- **We, your Corporate Parents, pledge that;**
  - **We will ensure that you see your social worker a minimum of once within the first week of your placement and then a minimum of every 6 weeks thereafter.**
  - **We will only change your social worker if it is absolutely necessary and we will inform you as soon as possible if this happens and outline the reasons.**
  - **We will allocate you an Independent Reviewing Officer (IRO) who you will review your Care Plan with and you will be given the opportunity to meet with your IRO separately prior to your reviews to talk about how you feel.**
  - **We will put in place a variety of different ways in which you can communicate with us your thoughts, feelings and views. If this isn't with your social worker or personal adviser, this could be through an advocate, digital media or online surveys.**
  - **We will ensure that we will educate you and raise awareness of current and emerging issues that place children and young people at risk of harm in the community. We will do this through identifying the**

8

right interventions at the right time. If we feel that you are not staying safe, we will speak to you and together we will support you and make decisions.

- **I, the child or young person, pledge that;**
  - **I will communicate with an adult in the way I am most comfortable if I feel that I am not in a safe situation. I will put my trust in and communicate with those who are responsible for looking after and protecting me.**

Championing Your Needs

- **We, your Corporate Parents, pledge that;**
  - **We will acknowledge your differences through your individual care plans and reflect your nationality, religion, ethnicity, sexuality, gender and disabilities and strive to ensure that you are able to remain in contact with your cultural background.**
  - **We will celebrate your achievements every year through events, newsletters and social media.**
  - **We will help develop your Life Story through photo albums and creativity to help you develop good memories for the future.**
  - **Will provide opportunities for you to have your voice heard through our children in care council and lots of other youth voice forums such as Barnet Youth Board or Youth Parliament.**
  - **We will include and consider the needs of children in care and care leavers within all of our future commissioning, policies and strategic development.**

- **I, the child or young person, pledge that;**
  - **I will express myself, my diversity and my beliefs in a positive fashion that promotes inclusiveness, and consideration to others.**

14.2 ADMINISTRATION MOTION IN THE NAME OF CLLR JOHN HART - CAMPAIGN FOR A CLEANER BARNET

Councillor John Hart moved the Motion in his name. Debate ensued.

Votes were taken on the Motion in the name of Councillor John Hart, and the motion was declared carried.

RESOLVED –

Campaign for a cleaner Barnet

Council notes that the quality of Barnet's environment, its neighbourhoods and open spaces is among our most distinguishing and popular features.

However, Council notes that, despite the best efforts of hard-working council staff and conscientious residents, levels of grime and litter in parts of the borough are greater than they should be.

Council recognises that keeping our borough clean and tidy is the responsibility of the whole community, from individuals and businesses to the council itself. Council believes that Barnet works best when it works together.

Council notes these ideas and values are at the heart of the 'Clean for the Queen' campaign being run in partnership between Country Life and Keep Britain Tidy. The campaign notes the nationwide increases in litter and pledges to the give the country a thorough spring-clean ahead of Her Majesty's much anticipated 90th Birthdaycelebrations.

Council notes the thousands of volunteers across the country who have signed up for the big clean weekend from 4th-6th March and resolves that Barnet should take part in this initiative, in order to improve some of the borough's grot-spots and to show our gratitude for the Queen's committed service to the nation. Council calls on officers to organise Barnet's involvement, including bidding for one of the professional cleaning teams being dispatched to locations around the country.

Council believes, though, that we can go much further – using the impetus of this campaign to launch an on-going and wide-reaching scheme. Council believes we can all do more to look after our neighbourhoods and keep our local areas clean.

Council therefore encourages volunteers to get out and make a difference, even if just by looking after the area directly outside their own homes and, moreover, recognises that councillors should lead by example and be among the first out there involved. Council believes that if we all do our little bit we can make a huge difference to the look and feel of the borough.

The council will promote, support and facilitate this where possible. It will also take more direct action. Council notes the work being undertaken to maximise the efficiency and effectiveness of street cleansing activities and calls on officers to continue to think innovatively to deliver the best outcomes for residents.

Council also believes it is right to explore how those required to perform community service or community payback can be utilised to help keep the borough clean.

Finally, Council welcomes the forthcoming enforcement policy, initially requested by frontline staff, which sends the message that we are all individually responsible for the litter and mess we create and which should act as a deterrent to those who cause the untidiness.

10

Council therefore calls upon officers to progress the suggestions set out in this motion and bring forward proposals for a scheme to give Barnet a spring-clean that engages residents, businesses, the voluntary sector, councillors and anyone else who can work together with us to achieve a cleaner borough.

14.3 OPPOSITION MOTION IN THE NAME OF CLLR GEOF COOKE - REVIEW OF CAPITA CSG CONTRACT

Councillor Geof Cooke moved the amendment in his name. Debate ensued.

Council voted on Councillor Geof Cooke's motion, and the votes were declared as follows:

For: 30
Against: 28
Abstain: 0
Absent: 5

TOTAL: 63

At least ten members called for a formal division on the voting. Upon the vote being taken, the results of the division were declared as follows:

	For	Against	Not Voting	Absent
Maureen Braun		✓		
Rebecca Challice	✓			
Pauline Coakley Webb	✓			
Dean Cohen		✓		
Jack Cohen	✓			
Melvin Cohen				✓
Philip Cohen	✓			
Geof Cooke	✓			
Alison Cornelius		✓		
Richard Cornelius		✓		
Tom Davey		✓		
Val Duschinsky		✓		
Paul Edwards	✓			
Claire Farrier	✓			
Anthony Finn		✓		
Brian Gordon		✓		
Eva Greenspan		✓		
Rohit Grover		✓		
Helena Hart		✓		
John Hart		✓		
Ross Houston	✓			
Anne Hutton	✓			
Andreas Ioannidis	✓			
Devra Kay	✓			
Sury Khatri		✓		

11

	For	Against	Not Voting	Absent
Adam Langleben	✓			
Kathy Levine	✓			
David Longstaff		✓		
Kitty Lyons	✓			
John Marshall		✓		
Kath McGuirk	✓			
Arjun Mittra	✓			
Alison Moore	✓			
Ammar Naqvi	✓			
Nagas Narenthira	✓			
Charlie O'Macauley	✓			
Graham Old		✓		
Alon Or-Bach				✓
Reema Patel				✓
Bridget Perry		✓		
Wendy Prentice		✓		
Sachin Rajput		✓		
Barry Rawlings	✓			
Hugh Rayner		✓		
Tim Roberts	✓			
Gabriel Rozenberg		✓		
Lisa Rutter		✓		
Shimon Ryde				✓
Brian Salinger		✓		
Gill Sargeant	✓			
Joan Scannell		✓		
Alan Schneiderman	✓			
Mark Shooter		✓		
Agnes Slocombe	✓			
Stephen Sowerby		✓		
Caroline Stock		✓		
Daniel Thomas		✓		
Reuben Thompstone		✓		
Jim Tierney	✓			
Amy Trevethan				✓
Laurie Williams	✓			
Peter Zinkin		✓		
Zakia Zubairi	✓			

For: 28
Against: 30
Abstain: 0
Absent: 5

TOTAL: 63

12

The motion was declared to be lost.

15. MOTIONS FOR ADJOURNMENT

There were none.

The meeting finished at 9.22 pm

13

This page is intentionally left blank

AGENDA ITEM 11.1

	Council **1 March 2016**
Title	**Report of Policy and Resources Committee, 16 February 2016 - Business Planning 2016-20**
Report of	Chief Executive Chief Operating Officer
Wards	All
Status	Public
Urgent	No
Key	Yes
Enclosures	Appendix 1 – Report of the Policy and Resources Committee, 16 February 2016 Appendix A – Medium Term Financial Strategy Appendix B1 – Detailed Revenue Budgets, Savings, Pressures and Council Tax Schedules Appendix B2 – Theme Committee Revenue Budgets, Savings and Pressures Appendix C1 – Theme Committee Capital programme Appendix C2 – Capital Programme by Delivery Unit Appendix D – Housing Revenue Account Appendix E – Dedicated Schools Grant Appendix F – Fees and Charges Appendix G – Final Consultation report *(to follow)* Appendix H – Updated Cumulative and Individual Equality Impact Assessments *(to follow)* Appendix I – Treasury Management Strategy Appendix J – Transformation Programme Appendix K – Reserves and Balances Policy Appendix L – Write Offs Appendix M – Corporate Risk Register

Officer Contact Details	Anisa Darr, Director of Resources, Anisa.Darr@barnet.gov.uk Stephen Evans, Director of Strategy and Communications, Stephen.evans@barnet.gov.uk Patricia Phillipson, Interim Head of Finance, Patricia.phillipson@barnet.gov.uk

Summary
This report encloses the report that was considered by Policy and Resources Committee and sets out the recommendations the Committee made to Full Council.

Recommendations

The report recommends that Council:

1.1 Note the final consultation report in Appendix G, the equalities impact assessments and the cumulative equalities impact assessments in Appendix H;

1.2 Approve the MTFS attached as Appendix A and the detailed revenue budgets in Appendices B1 and B2. The MTFS sets out all of the budget changes over the period 2016-20, including assumptions around inflation, changes to levies, pressures, savings and grant funding. It is the model around which the council's financial strategy is based.

1.3 Approve that the budget for 2016/17 is prepared on the basis of no increase to council tax in 2016/17, other than for the increase set out below in 1.4 – subject to the results of the current consultation;

1.4 Approve application of the social care precept at 1.7% in 2016/17 – to help fund care for the elderly – subject to the results of the current consultation;

1.5 Note that the Chief Finance Officer under his delegated powers in accordance with para 4.3.2 of the Financial Regulations has calculated the amount of 135,324 (band D equivalents) as the Council Tax base for the year 2016/17 [item T in the formula in Section 31B (1) of the Local Government Finance Act 1992, as amended (the "Act")];

1.6 Approve the following amounts calculated for the year 2016/17 in accordance with Sections 31(A) and (B), 34, 35 and 36 of the Act:

a) £956,469,590 being the aggregate of the amounts which the council estimates for the items set out in Section 31A(2) (a) to (f) of the Act;
b) £804,761,913 being the aggregate of the amounts which the council estimated for the items set out in Section 31A(3) (a) to (d) of the Act;
c) £151,707,677 being the amount by which the aggregate at 1.6(a) above exceeds the aggregate at 1.6(b) above, calculated by the council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (Item R in the formula section 31A(4) of the Act);
d) £1,121.07 being the amount at 1.6(c) above (item R), divided by Item T

(Item 1.5 above), calculated by the council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year;

London Borough of Barnet Valuation Bands (£)

A	B	C	D	E	F	G	H
747.38	871.94	996.51	1121.07	1370.20	1619.32	1868.45	2242.14

Being the amounts given by multiplying the amounts at 1.6(d) above by the number which, in proportion set out in Section 5(1) of the Act, is applicable to dwellings listen 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;

1.7 Approve, on the advice of the Chief Finance Officer, that the council's basic amount of Council Tax for 2016/17 as set out in 1.6(d) above is not excessive in accordance with the principles approved under section 52ZB and 52ZC of the Local Government Finance Act 1992, set out in the Referendums relating to Council Tax increases (Principles) Report (England) 2016/17;

1.8 Approve that for the year 2016/17 the Greater London Authority has provisionally indicated that the following amounts in precepts will be 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
184.00	214.67	245.33	276.00	337.33	398.67	460.00	552.00

1.9 Approve that having calculated the aggregate in each case of the amounts at 1.6(d) with the amounts at 1.8, the council, in accordance with Section 30(2) of the Local Government Finance Act 1992, sets the following amounts as the amounts of Council Tax for the year 2016/17 for each of the categories dwellings shown below:

Council Tax for Area (£)

A	B	C	D	E	F	G	H
931.38	1086.61	1241.84	1397.07	1707.53	2017.99	2328.45	2794.14

1.10 Approve that the Barnet Council Tax Support Scheme, adopted in January 2015, remain unchanged except for uprating in line with Department for Work and Pension changes for housing benefit.

1.11 Note that the working age non-dependent (ND) charges be uprated as set out in paragraph 1.6.14 of the Policy and Resources Committee Report.

1.12 Approve 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 1.9 above within a period of 21 days following the Council's decision;

1.13 Note the capital programme approved by Policy and Resources Committee as

set out in Appendix C1 and C2, and that the Chief Officers be authorised to take all necessary actions for implementation;

1.14 **Approve that the Chief Finance Officer be authorised to adjust capital project budgets and financing in 2016/17 throughout the capital programme after the 2015/16 accounts are closed and the amount of slippage and budget carry forward required are known.**

1.15 **Approve the approval of the Treasury Management Strategy for 2016/17 as set out in Appendix I;**

1.16 **Note the following in relation to the Housing Revenue Account, approved by Policy and Resources Committee:**

a) The proposed rent decrease by 1% for council dwelling as set out in paragraph 1.9.3 to take effect from 1 April 2016;
b) The proposed increase to service charges for council dwelling as set out in paragraph 1.9.9 to take effect from 1 April 2016;
c) The proposed rent increase of 2% for council garages as set out in paragraph 1.9.9 to take effect from 1 April 2016,

1.17 **Note the Housing Revenue Account estimates for 2016/17 as set out in Appendix D, approved by Policy and Resources Committee;**

1.18 **Note the submission of the Authority Proforma Tool in relation to the Dedicated Schools Budget as set out in Appendix E;**

1.19 **Note the Assurance fees and charges in Appendix F approved by Policy and Resources Committee, whilst noting the Adults, Children's and Environment fees and charges that were approved at their relevant Theme Committee as detailed in Appendix F;**

1.20 **Note the summary equality impact assessment (EIA) and cumulative assessment set out in section 5.6 of the Policy and Resources Committee report. Appendix H provides the cumulative impact and individual Delivery Unit assessments where significant changes to service delivery are proposed;**

1.21 **Approve the reserves and balances policy as set out in Appendix K and indicative amounts as set out in para 1.11 of the Policy and Resources Committee report and the Chief Finance Officer's assessment of adequacy of reserves in section 1.11. The Committee recommend to Council that CFO authorised to adjust balances in 2016/17 after 2015/16 accounts are closed and the amount of balances carry forward required are known;**

1.22 **Note the budget movements approved by Policy and Resources Committee as set out in para 1.12 of the Policy and Resources Committee report;**

1.23 **Note the transformation programme approved by Policy and Resources Committee as detailed in Appendix J and additional funding as set out in para 1.13 of the Policy and Resources Committee report;**

1.24 **Note the write offs approved by Policy and Resources Committee as detailed**

in Appendix L and summarised in para 1.12.8 of the Policy and Resources Committee report;

1.25 Approve the corporate risk register as set out in Appendix M.

1. WHY THIS REPORT IS NEEDED

1.1 As set out in the Report to Policy and Resources Committee, 16 February 2016.

2. REASONS FOR RECOMMENDATIONS

2.1 As set out in the Report to Policy and Resources Committee, 16 February 2016.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 As set out in the Report to Policy and Resources Committee, 16 February 2016.

4 POST DECISION IMPLEMENTATION

4.1 As set out in the Report to Policy and Resources Committee, 16 February 2016.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 As set out in the Report to Policy and Resources Committee, 16 February 2016.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 As set out in the Report to Policy and Resources Committee, 16 February 2016.

5.3 Social Value

5.3.1 As set out in the Report to Policy and Resources Committee, 16 February 2016.

5.4 Legal and Constitutional References

5.4.1 Constitution, Responsibility for Functions – sets out the functions of Full Council including approving the strategic financing of the Council, upon recommendations of the Policy and Resources Committee.

5.4.2 On 15 July 2014 Council granted a General Dispensation to all Members to be present, speak and vote where they would otherwise have a Disclosable Pecuniary Interest on the grounds that it is appropriate to grant a dispensation to allow all Members to participate fully and is effective until the next Council elections. The general dispensation applies to Council Tax: Setting the

Council Tax or a Precept; and Decisions in relation to Council Tax Benefit.

5.5 Risk Management

5.5.1 As set out in the Report to Policy and Resources Committee, 16 February 2016.

5.6 Equalities and Diversity

5.6.1 Policy and Resources Committee on 16 February considered the cumulative and individual equalities impact assessments in line with interim headline consultation findings.

5.6.2 The full report detailing the impacts following the closure of the consultation is attached at Appendix H.

5.7 Consultation and Engagement

5.7.1 Policy and Resources Committee on 16 February considered the interim headline findings.

5.7.2 The full report detailing the results following the closure of the consultation is attached at Appendix G.

5.7.3 Insight

5.7.4 As set out in the Report to Policy and Resources Committee, 16 February 2016.

6 BACKGROUND PAPERS

6.1.1 As set out in the Report to Policy and Resources Committee, 16 February 2016.

	Policy and Resources Committee **16 February 2016**
Title	**Business Planning 2016-20**
Report of	Chief Executive Chief Operating Officer
Wards	All
Status	Public
Urgent	No
Key	Yes
Enclosures	Appendix A – Medium Term Financial Strategy Appendix B1 – Detailed Revenue Budgets, Savings, Pressures and Council Tax Schedules Appendix B2 – Theme Committee Revenue Budgets, Savings and Pressures Appendix C1 – Theme Committee Capital programme Appendix C2 – Capital Programme by Delivery Unit Appendix D – Housing Revenue Account Appendix E – Dedicated Schools Grant Appendix F – Fees and Charges Appendix G – Interim Consultation report Appendix H – Cumulative and Individual Equality Impact Assessments Appendix I – Treasury Management Strategy Appendix J – Transformation Programme Appendix K – Reserves and Balances Policy Appendix L – Write Offs Appendix M – Corporate Risk Register
Officer Contact Details	Anisa Darr, Director of Resources, Anisa.Darr@barnet.gov.uk Stephen Evans, Director of Strategy and Communications, Stephen.evans@barnet.gov.uk Patricia Phillipson, Interim Head of Finance, Patricia.phillipson@barnet.gov.uk

Summary
On 17 December 2015 Department for Communities and Local Government (CLG) published the provisional local government finance settlement which set out the individual authority grant allocations. This report revises the Medium Term Financial Strategy (MTFS) in line with the publication, sets out the savings proposals, capital programme for the period 2016-20 and Council Tax for 2016/17.

Recommendations

The report recommends that the Committee:

1.1 Consider the issues that have, so far, emerged from the consultation when making their decisions. Consultation closed on 12 February, however due to the timings of compiling and publishing this report, the consultation report in Appendix G is presented as an interim report, reflecting responses received as of 3 February 2016. A final consultation report will be reported to Council on 1 March, to inform final decisions on the council's budget. The committee make the decisions below also being mindful of the equalities impact assessments including the cumulative equalities impact assessments;

1.2 Recommend to Council for approval the MTFS attached as Appendix A and the detailed revenue budgets in Appendices B1 and B2. The MTFS sets out all of the budget changes over the period 2016-20, including assumptions around inflation, changes to levies, pressures, savings and grant funding. It is the model around which the council's financial strategy is based.

1.3 Recommend to Council that the budget for 2016/17 is prepared on the basis of no increase to council tax in 2016/17, other than for the increase set out below in 1.4 – subject to the results of the current consultation;

1.4 Recommend to Council applying the social care precept at 1.7% in 2016/17 – to help fund care for the elderly – subject to the results of the current consultation;

1.5 Note that the Chief Finance Officer under his delegated powers in accordance with para 4.3.2 of the Financial Regulations has calculated the amount of 135,324 (band D equivalents) as the Council Tax base for the year 2016/17 [item T in the formula in Section 31B (1) of the Local Government Finance Act 1992, as amended (the "Act")];

1.6 Recommend to Council for approval, the following amounts calculated for the year 2016/17 in accordance with Sections 31(A) and (B), 34, 35 and 36 of the Act:

a) £956,469,590 being the aggregate of the amounts which the council estimates for the items set out in Section 31A(2) (a) to (f) of the Act;
b) £804,761,913 being the aggregate of the amounts which the council estimated for the items set out in Section 31A(3) (a) to (d) of the Act;
c) £151,707,677 being the amount by which the aggregate at 1.6(a) above exceeds the aggregate at 1.6(b) above, calculated by the council in accordance with Section 31A(4) of the Act as its Council Tax

requirement for the year (Item R in the formula section 31A(4) of the Act);

d) **£1,121.07 being the amount at 1.6(c) above (item R), divided by Item T (Item 1.5 above), calculated by the council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year;**

London Borough of Barnet Valuation Bands (£)

A	B	C	D	E	F	G	H
747.38	871.94	996.51	1121.07	1370.20	1619.32	1868.45	2242.14

Being the amounts given by multiplying the amounts at 1.6(d) above by the number which, in proportion set out in Section 5(1) of the Act, is applicable to dwellings listen 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;

1.7 **Recommend to Council, on the advice of the Chief Finance Officer, that it determines that the council's basic amount of Council Tax for 2016/17 as set out in 1.6(d) above is not excessive in accordance with the principles approved under section 52ZB and 52ZC of the Local Government Finance Act 1992, set out in the Referendums relating to draft Council Tax increases (Principles) Report (England) 2016/17 subject to any changes to that Report which at the time of publication of this report was still in draft;**

1.8 **Note that for the year 2016/17 the Greater London Authority has provisionally indicated that the following amounts in precepts will be 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
184.00	214.67	245.33	276.00	337.33	398.67	460.00	552.00

1.9 **Recommend that having calculated the aggregate in each case of the amounts at 1.6(d) with the amounts at 1.8, the council, in accordance with Section 30(2) of the Local Government Finance Act 1992, sets the following amounts as the amounts of Council Tax for the year 2016/17 for each of the categories dwellings shown below:**

Council Tax for Area (£)

A	B	C	D	E	F	G	H
931.38	1086.61	1241.84	1397.07	1707.53	2017.99	2328.45	2794.14

1.10 **Recommend to Council for approval the Barnet Council Tax Support Scheme, adopted in January 2015, remain unchanged except for uprating in line with Department for Work and Pension changes for housing benefit.**

1.11 **Notes that the working age non-dependent (ND) charges be uprated as set out in paragraph 1.6.14**

1.12 **Recommend to Council 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 1.9 above within a period of 21 days following the Council's decision;

1.13 **Recommend to Council for approval the capital programme as set out in Appendix C1 and C2, and that the Chief Officers be authorised to take all necessary actions for implementation;**

1.14 **Recommend to Council that the Chief Finance Officer be authorised to adjust capital project budgets and financing in 2016/17 throughout the capital programme after the 2015/16 accounts are closed and the amount of slippage and budget carry forward required are known.**

1.15 **Recommend to Council the approval of the Treasury Management Strategy for 2016/17 as set out in Appendix I;**

1.16 **Approve the following in relation to the Housing Revenue Account:**

a) **The proposed rent decrease by 1% for council dwelling as set out in paragraph 1.9.3 to take effect from 1 April 2016;**
b) **The proposed increase to service charges for council dwelling as set out in paragraph 1.9.9 to take effect from 1 April 2016;**
c) **The proposed rent increase of 2% for council garages as set out in paragraph 1.9.9 to take effect from 1 April 2016,**

1.17 **Approve the Housing Revenue Account estimates for 2016/17 as set out in Appendix D;**

1.18 **Note the submission of the Authority Proforma Tool in relation to the Dedicated Schools Budget as set out in Appendix E;**

1.19 **Approve the Assurance fees and charges in Appendix F, whilst noting the Adults, Children's and Environment fees and charges that were approved at their relevant Theme Committee as detailed in Appendix F;**

1.20 **Note the summary equality impact assessment (EIA) and cumulative assessment set out in section 5.6. Appendix H provides the cumulative impact and individual Delivery Unit assessments where significant changes to service delivery are proposed. As EIAs and cumulative EIA are assessed to take account of responses to the budget consultation will be reported to Council of 1 March 2016 to inform the final decision on next year's budget;**

1.21 **Recommend to Council approval of the reserves and balances policy as set out in Appendix K and indicative amounts as set out in para 1.11 and the Chief Finance Officer's assessment of adequacy of reserves in section 1.11. The Committee recommend to Council that CFO authorised to adjust balances in 2016/17 after 2015/16 accounts are closed and the amount of balances carry forward required are known;**

1.22 **Approve budget movements as set out in para 1.12;**

1.23 **Approve the transformation programme as detailed in Appendix J and**

additional funding as set out in para 1.13;

1.24 Recommend to Council to approve the write offs as detailed in Appendix L and summarised in para 1.12.8;

1.25 Note the corporate risk register and recommend it to Council as set out in Appendix M.

1. WHY THIS REPORT IS NEEDED

1.1 Executive Summary

1.1.1 On 17 December 2015, Department for Communities and Local Government (CLG) published the provisional local government finance settlement which set the individual authority grant allocations. There are changes to the way the Revenue Support Grant (RSG) has been calculated including factoring in the level of council tax each borough can raise. This change means that grant allocations have been increased for boroughs with lower council tax base and doesn't take population or the increase in deprivation in outer London boroughs into consideration. Where Barnet has a large council tax base, it also has the largest population in London, and this isn't taken into account. The change in RSG calculation was not well communicated, impacts negatively on Barnet and does not take into account historic underfunding of outer London boroughs or the demographic changes in London over the last decade.

1.1.2 Barnet has had 32% cut to grant in 2016/17 which is £5.5m worse than the projection we would have had without the changes to the RSG. In order to mitigate the impact of this on the savings target, collection fund surplus income (£2m), increased income from New Homes Bonus (£2m) and reduction in contingency (£1.5m) has been used.

1.1.3 The council's budget gap, therefore, remains consistent with the overall position presented to Policy and Resources Committee in December 2015. The budget gap for the period 2016-20 is estimated to be £81.1m.

1.1.4 Social care precept is new for 2016/17 and allows councils to raise money through council tax to be spent exclusively on adult social care. There are demographic pressures and pressures from increased referrals from the NHS in Adults social care. If the social care precept was applied, the income, along with more funding from the Better Care Fund, would be used to mitigate the impact of this.

1.1.5 This report sets out the savings proposals developed by Theme Committees, in line with commissioning priorities, to close this budget gap. It also sets out interim consultation responses, equality impact assessments and capital investment proposals required to ensure Barnet is able to support the growth needed.

1.2 Strategic context

1.2.1 The past five years have been a period of significant challenges for the council, but ones we have risen to, having successfully saved £75 million while limiting the impact on front line services and maintaining resident satisfaction. The latest Residents' Perception Survey indicates that 88 per cent of residents are satisfied with Barnet as a place to live and nearly 80 per cent feeling that the council is doing a good job. With financial pressure on the council set to continue, the next 5 years will continue to present challenges but, crucially, there will be some significant opportunities.

The Government's 2015 Spending Review – continued reductions to the Local Government core grant

1.2.2 On 25 November, the Chancellor announced the Spending Review and Autumn Statement, which reiterated the Government's commitment to eliminate the budget deficit – achieving a £10 billion surplus by 2019/20 – and reduce national debt.

1.2.3 Local Government, along with budgets such as transport, skills, and universities, remain unprotected, meaning that reductions are even more pronounced. The Chancellor announced £4.1bn cuts to Local Government core funding – comprising business rates and the Revenue Support Grant – by 2020. London Councils estimate that this represents a 30 per cent reduction in real terms when changes in funding for the New Homes Bonus and Better Care Fund are factored in.

Continued restrictions to increasing Council Tax

1.2.4 The existing 2% limit imposed on increases to general Council Tax, before triggering a local referendum, remains in place. This reduces the flexibility for councils to use Council Tax as a means of reducing the gap.

The ability for councils to introduce a 2% per year adult social care precept from 2016/17 to fund care for the elderly

1.2.5 Recognising the pressure of social care budgets, the Spending Review did provide councils with a new power to introduce a 'social care precept' of 2% per year to help fund care for the elderly. The precept is additional to the 2% limit for general Council Tax increases, meaning that councils are now able to increase Council Tax by up to 4% a year, although half would need to be spent exclusively on adult social care. The social precept is discussed further in para 1.6.3.

Changes to the retention of business rates

1.2.6 The Spending Review also announced changes to business rates retention that would see Local Government retain 100% of business rates collected by 2020. The details of how this will be baselined and how the system will work have not been outlined, so it difficult to determine the potential impact on Barnet at this stage. Although greater flexibility in relation to business rates is welcome, as a lever to stimulate local business growth, the devil will be in the detail. It is not yet clear whether there will be a cap on retained business rates or whether a degree of redistribution across Local Authority areas will occur.

1.2.7 It is also likely that the Government will place additional responsibilities on councils in return for allowing a greater level of business rates. One of the additional responsibilities we are aware of at this stage is Housing Benefit for pensioners.

Housing

1.2.8 The Chancellor also set out the Government's intention for social housing rent to be capped at the relevant Local Housing Allowance rate. Current estimates quantify the impact of the Housing Benefit changes in Barnet to be minimal. However, detailed modelling will be undertaken as further details emerge.

1.2.9 In addition, the Government will consult on reforms to the New Homes Bonus, including reducing the length of payments from 6 years to 4 years and a preferred option to reduce the overall total by £800m (roughly 50%). Details will be set out in the local government finance settlement consultation, which will include proposals to introduce a floor to ensure that no authority loses out disproportionately.

Barnet's strategy – Capital investment in infrastructure to ensure that Barnet remains a place where people want to live and work

1.2.10 The Spending Review makes clear that, for Local Government, there will continue to be significant pressure on resources, which will mean that Barnet, like all councils will have to reduce its day to day spending. However, as we focus on reducing the council's running costs, we must continue to use capital resources effectively to invest in the borough's essential infrastructure including housing, transport, school places, leisure centres and community facilities.

1.2.11 The council's regeneration programme will see £6bn of private sector investment over the next 25 years, which will create around 20,000 new homes and up to 30,000 new jobs. It will also generate £11m of additional recurrent income for the council by 2020, with one-off income of £50m to be reinvested in infrastructure.

1.2.12 The Treasury has made financial commitments to support our regeneration plans at Grahame Park and Brent Cross Cricklewood, including £97 million to fund a new Thameslink station. The council intends to hold a stake in these regeneration plans, for example as part of the joint venture developing Brent Cross. This will help the sustainability of the council's finances not just through to 2020, but beyond.

1.2.13 The council, via Barnet Homes, is also investing in an additional 50 Extra Care Housing units by 2017/18, and is considering plans to provide 100 specialist homes linked to health and care support and community facilities by 2020 including 50 for sale. The council will continue to invest in this way, to reduce the ongoing cost of social care.

1.2.14 The council will further invest in school places, building on the £116m invested over the past 5 years. Investment in school expansion, both in terms of funding and provision of land, has contributed to the creation of over 7,500 new school places over the last six years.

1.2.15 The council is also investing in new community centres at Grahame Park, Colindale and Stonegrove Spur Road, as well as two new leisure centres located in New Barnet and Copthall. These facilities will help to ensure that

Barnet's growing population can stay healthy and build strong community cohesion.

Barnet's strategy – Maximising the revenues we generate locally through growth and investment

Housing and regeneration

1.2.16 Growth is an essential part of the council's strategy, as we become less reliant on Government funding and which requires us to generate more of our income locally. Residents from Barnet will continue to share in the benefits of growth, with increasing housing development leading to an increase in the tax base and, subsequently, helping the council to bear down on Council Tax bills. As well as the significant financial benefits outlined, housing development is also a necessity as the population of Barnet, already the highest in London, continues to grow, driven by a high birth rate, high in-migration and low out-migration, and people living longer.

Employment and skills

1.2.17 Most residents will benefit from the opportunities that a growing national and local economy will bring, but some will require targeted support – such as help to get a job – so they do not miss out. Barnet's Welfare Reform Task Force and Burnt Oak Opportunity Support Team (BOOST) are examples of initiatives that have already demonstrated significant benefits for residents, by providing a 'one stop shop' approach which brings together multi agencies under one roof. The results have been impressive, with the Task Force having engaged with 96 per cent of Barnet residents affected by the Benefit Cap and helping 35 per cent into work. Since its launch in June 2015, 200 residents have signed up to work with the BOOST team in Burnt Oak, with over 100 helped into employment and, crucially, achieving high retention rates. In total, over 830 people have been helped to get a job through council-led employment initiatives.

1.2.18 Not only does the model of co-located, multi-agency teams provide a better service for residents, it also generates efficiencies across the public sector with analysis showing an economic benefit of £3 for every £1 invested in the Task Force. The model of co-located teams is something that the council will look to roll out for other services in locations across the borough.

Barnet's strategy – Transforming the way we design and deliver services

1.2.19 For every service, the council will consider the case for different ways to deliver our priority outcomes. For example, in adult social care, a greater number of elderly residents will be provided with social care support within their own homes, which will allow individuals to access support services and technologies that are right for them. This will save money by reducing demand for high cost residential accommodation.

1.2.20 In children's social care, proposals to increase the size and effectiveness of the in-house foster care service are designed to save money by helping a greater number of children and young people to move from residential to foster care placements. Intervening earlier will prevent placements from breaking down, increasing the likelihood that children will remain in stable placements for longer.

1.2.21 Environmental services will be transformed through the use of new technology to improve the efficiency of street cleansing services and make it easier for residents to report problems. At the same time, increased monitoring and enforcement of littering, fly tipping and other offences, particularly in town centres, will help to reduce the need for street cleansing services.

Barnet's strategy – Promoting community participation and resilience

1.2.22 To ensure Barnet continues to thrive, and building on local community spirit, the council will work to build stronger relationships with residents and communities. The aim is to ensure that residents and community groups become more independent and resilient and less reliant on public services.

1.2.23 If we succeed, residents and community groups will be able to deliver more, and take on more responsibility for their local areas in places where there is clear potential for community groups to support and complement the council's role. Engaging users in the design and delivery of services will also help to ensure they are better matched to local need and ultimately more successful.

1.2.24 The council has developed a wider ranging Community Participation Strategy in order to achieve its ambitions to support resilient communities where residents participate more in local activities. The strategy covers multiple work streams, including:

- **Community Assets Strategy** – setting out how we will use over 140 of our community buildings to achieve outcomes and lever support from residents and the voluntary and community sector;
- **Developing a comprehensive VCS database** – of 1,400 local voluntary and community sector organisations, so residents can find local support and reduce demand on statutory services; and
- **A resident volunteering brokering service** – to put more residents who want to volunteer – in areas such as parks and adult social care in contact with local volunteering opportunities.

Barnet's strategy – Managing demand for services

1.2.25 Pressure on the council's budget is not only a consequence of declining funding from Government – increasingly it is driven by rising demand for services due to changing demographics.

1.2.26 Between 2010 and 2015, the council successfully met a 25% budget gap largely through efficiency savings and delivering services differently. This helped to limit the impact on frontline services, which might help explain high levels of resident satisfaction. Moving forward, although the council will continue to focus on becoming more efficient, it will be increasingly difficult to manage a further 25% budget gap through supply side reforms alone.

1.2.27 As a consequence, the focus of the council's savings plans for 2015 to 2020 place a greater emphasis on ways to reduce demand on services - through the community doing more; intervening earlier to treat the cause, not the problem – including tackling the 'Toxic Trio' of domestic violence, drug and alcohol abuse and mental ill health, which are the most prevalent causes of poor outcomes for Barnet families – and influencing residents to change their behaviour, for example by recycling more.

1.3 Refreshing the council's Corporate Plan performance indicators for 2016/17

1.3.1 In April 2015, Full Council approved a five-year Corporate Plan covering the period 2015 to 2020. Each year, the council will publish an addendum to the five-year plan that sets out revised performance indicators for the year ahead. It will also set out the key activities planned for the year ahead, set against the council's priorities of growth, transformation, demand management and community resilience.

1.3.3 Performance indicators – which are used to track progress – have been refreshed and will be presented to theme committees through March 2016 before coming back to Council at the next meeting.

1.4 Medium Term Financial Strategy

1.4.1 Appendix A sets out the Medium Term Financial Strategy from 2016/17 to 2019/20, taking into account national economic factors such as assumed government funding cuts and inflation, along with local factors such as housing trajectory and population and demand pressures on services. The headline figure is a budget gap of £81.1m for 2016-20.

1.4.2 The assumptions within the budget envelope are as follows:

- **Demographic Pressures:** an assumption has been made in the budget envelope for future demographic pressures specifically for Adults and Children's Social Care costs. This is based on latest demographic projections from the GLA and specific data from Protecting Older People Population Information System (POPPI) and Projecting Adults Needs and Service Information (PANSI). An assumption has also been included for increase in costs relating to complexity of cases in SEN and LD;
- **Inflation (pay):** the Local Government pay award has been confirmed as 1% increase for the next 4 years;
- **Inflation (non-pay):** figures of 2% for inflation have been used to estimate the increase in non-pay costs;
- **North London Waste Authority (NLWA) levy:** figures for the NLWA levy are based on the latest information from the NLWA;
- **Capital financing costs:** no further provision has been added since the budget was agreed in March by full Council as the current budget provision is considered to be sufficient based on current capital needs. This may be revised after the capital needs analysis exercise has been completed;
- **Contingency:** A provision has been added from 17/18 to cover general risks;
- **Homelessness:** £500k in a specific contingency in 2016/17 to deal with the pressures in supply and demand side costs in relation to temporary accommodation;
- **Concessionary fares:** increases have been projected in line with demographic changes of the 60+ population in Barnet;
- **Business rates:** The council, along with other London boroughs, have noticed a decrease in business rates due to an increase in successful appeals against rateable values; therefore a decrease in the baseline has been factored in to reflect this;

- **Revenue Support Grant (RSG):** the assumption for reduction in RSG prudently reflects the Government's aspiration to have a budget surplus by 2019/20;
- **Public Health Grant:** it has been confirmed that the ring-fence on public health spending will be maintained in 2016/17 and 2017/18 with a 3.9% average saving per annum over the next 5 years. To be prudent, a reduction of 5% has been modelled in the MTFS. It has been confirmed that funding of public health expenditure is one of the responsibilities local government will have to take on as a result of further localisation of business rates, however it is not clear which year this will be implemented from and further consultation is expected. For now, the MTFS assumes this will be implemented after the current parliament ends;
- **Education Services Grant:** the Autumn Statement 2015 announced a £600m reduction in this budget. We have assumed a 10% year on year reduction in this grant into the MTFS;
- **Council Tax:** the proposal subject to consultation and the Equalities Impact Assessment is that there is no increase in general council tax for 2016/17, with an increase of 2% per annum beyond that.
- **Social care precept:** the proposal subject to consultation and the Equalities Impact Assessment is that the precept is applied at 1.7% for 2016/17.

1.4.3 There are a number of known pressures that we can confidently quantify and include in the MTFS, as presented above; these include inflationary pressures on pay and contracts, demographic increases and the impact on service provision and concessionary fares. However, there are other risks and pressures that haven't materialised yet and therefore inclusion of the pressure at this stage in the MTFS would further increase the savings target. These include:

- The impact of the social care market, specifically care homes and home care, not being viable and the impact on the local authority being able to discharge of its statutory and safeguarding responsibilities;
- North London Waste Authority's (NLWA) proposed procurement of a new waste disposal facility, or upgrade of the current facility, will adversely impact the budget position for the council. Alternative delivery models for waste disposal, including the potential for the borough to exit the NLWA and procure its own contract for waste disposal;
- The costs of disposal of residual waste is more expensive compared to recycling and therefore if recycling rates continue to plateau or decline and / or the savings identified are not realised, it may become necessary to go to alternate weekly collection;
- Family services have seen increased referrals and assessments and increased demand for special guardianship orders and resident's orders. If these increases continue to rise, this could lead to a significant pressure in the Family Services budget.
- The proposal to reduce New Homes Bonus (NHB) payments from 6 to 4 years in the Chancellor's budget on 25 November 2015 poses a potential risk of funding the infrastructure projects in our capital programme. A reduction in NHB payments could lead to an increase in our borrowing, which would have an adverse impact on revenue by way of interest and associated borrowing costs.

1.5 Savings proposals

1.5.1 The proposed budget for 2016/17 reflects a budget gap of £15.582m, with savings proposals to reach a balanced position. These savings are set out in detail in Appendix B1 and B2.

	2016/17 £000
Budget Gap before savings and pressures	15,582
Identified Pressures	3,972
Proposed Savings	(19,554)
Budget Gap after savings	**0**

1.5.2 The 2016/17 savings targets by Theme Committee are as below. These are set out in detail at **Appendix B2**.

Theme Committee	2016-17 £000
Adults & Safeguarding	**(3,383)**
Assets, Regeneration & Growth	**(2,253)**
Children, Education, Libraries & Safeguarding	**(2,071)**
Community Leadership	**(9)**
Environment	**(4,021)**
Health and Wellbeing Board	
Policy & Resources	**(7,817)**
Total	**(19,554)**

1.5.3 The combined savings targets from 2016 through to 2020 are set out below:

Theme Committee	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	Total £000
Adults & Safeguarding	(3,383)	(5,412)	(5,161)	(4,497)	**(18,453)**
Assets, Regeneration & Growth	(2,253)	(6,362)	(5,132)	(48)	**(13,795)**
Children, Education, Libraries & Safeguarding	(2,071)	(4,062)	(2,596)	(5,818)	**(14,547)**
Community Leadership	(9)	0	0	(243)	**(252)**
Environment	(4,021)	(2,315)	(2,165)	(2,080)	**(10,581)**
Health and Wellbeing Board					**£0**
Policy & Resources	(7,817)	(3,720)	(4,389)	(2,544)	**(18,470)**

Policy & Resources Reserves				(5,000)	**(5,000)**
Total	**(19,554)**	**(21,871)**	**(19,443)**	**(20,230)**	**(81,098)**

Adults and Safeguarding

1.5.4 Adults and Safeguarding Committee has a total savings target of £18.5m. The main proposals contributing to this gap are:

- Improving information, advice and support offer so that individuals and their families take greater responsibility for their own and their family member's care and support;
- Develop alternative housing and support options to reduce the need for higher cost placements;
- To utilise new technologies to enable people to continue to live safely in their own homes;
- Increase the proportion of working age adults known to adults social care into employment;
- To integrate health and social care services to improve the experience of receiving care and support and reduce duplication;
- Increase the productivity of the adult social workforce to be able to meet the needs of a growing population within available resources.

Assets, Regeneration and Growth

1.5.5 Assets, Regeneration and Growth Committee has a total savings target of £13.8m. This is mainly achieved through:

- Efficiency savings in the civic and community asset estate by implementing the Office Accommodation Strategy and Community Asset Strategy;
- Additional income council tax and business rates from increasing the base through regeneration and development opportunities.

Children's, Education, Libraries and Safeguarding

1.5.6 Children's, Education, Libraries and Safeguarding Committee has a total savings target of £14.5m. The main savings proposals are made of:

- Reshape early intervention and prevention services to provide effective, targeted interventions which reduce the need for higher cost interventions;
- Developing new models of social work practice and intervention which reduce the need for higher cost placements and the number of adolescents in residential care;
- To utilise new technology and community capacity to create a sustainable library offer for Barnet;
- To integrate health, care and education services to improve the experience of receiving care and support for disabled children and their families and reduce duplication;
- Increase the productivity of the children's service to be able to meet the needs of a growing population within available resources

Community Leadership

1.5.7 Community Leadership Committee has a total savings target of £0.3m. The main savings proposal is made of:

- Reducing expenditure associated with CCTV once the capital contribution towards investment has been paid off.

Environment

1.5.8 Environment Committee has a total savings target of £10.6m. The savings proposals are made of:
- Delivering a sustainable waste and recycling service which increases recycling rates, minimises the tonnage collected and sustains resident satisfaction;
- Securing greater value from Barnet’s extensive green and open spaces and parks service through increased income and greater utilisation levels;
- Better utilising the council’s regulatory powers to keep Barnet clean, green and safe;
- Increasing the efficiency and productivity of commissioned services.

Policy and Resources

1.5.9 Policy and Resources Committee has a total savings target of £18.4m. The savings proposals comprise of:
- Increasing the efficiency and productivity of commissioned services;
- Reducing costs associated with workforce and exploring option of shared service;
- Achieving efficiency through reduction in the costs associated with borrowing;
- Increasing revenue income through review of council tax support payments (already implemented).

1.5.10 The ‘ring fenced’ budgets are listed below:

Better Care Fund (BCF)

1.5.11 Government has confirmed that the BCF will continue and increase (nationally by £1.5 billion) in 2016/17. The 2015/16 Barnet BCF allocation is £23.4m and is used to fund health services, social care services, major adaptations through the Disabled Facilities Grant and make investments into the development of integrated services.

1.5.12 Prior to the BCF, the council received section 256 monies for the funding of social care services which benefited health with a value of £6.6m. The section 256 monies were consolidated into the BCF in 2015/16. Adults Social Care services currently receives £4.2m of funding through the BCF for the protection of social care with the balance of the £6.6m being spent on health and social care integration projects.

1.5.13 The monies within Barnet’s BCF form a pooled budget under section 75 of the NHS Act 2006 overseen by the Barnet Health and Wellbeing Board. The section 75 agreement allows for resources to be easily transferred between health and social care in order to meet the objectives of the pooled fund.

1.5.14 The success of the BCF and therefore the pooled budget is measured through the achievement of a reduction in emergency hospital admissions and initiatives with the BCF are targeting resources on preventing admissions to hospital through 7 day social work service, rapid response services and enablement.

1.5.15 Given the additional demand pressures that adult social care is facing as a result of more people receiving care outside of hospital (there has been an average increase of 22% per year in referrals to hospital social work teams since 2012) and reduced winter pressures funding (88% reduction from funding levels in 2012), the council has engaged with the CCG to ensure that £6.6m of the BCF will be available for the protection of adult social care services referred to in para 1.5.11. The additional funding will be used to address the underlying deficit of adult social care referred to in paras 1.6.3 and 1.6.4.

1.5.16 Council officers engaged with Barnet CCG on the options for 2016/17 to achieve an additional £2.4m for the protection of adult social care through the BCF. This discussion is progressing well and has achieved officer agreement and a draft version of this will be submitted to the CCG's finance board for sign off ahead of April 2016.

Dedicated Schools Budget (DSG)

1.5.17 Details of the way in which the Schools' Budget has been put together is shown in Appendix E, which also includes a table showing a summary breakdown of the Schools' Budget.

1.5.18 The council is required to submit to the Department for Education (DfE) annually a completed Authority Proforma Tool (the APT) which shows all the detailed assumptions underpinning the proposals for allocating budgets to schools and early years' providers in the following year. This is included in the appendix.

1.5.19 The key factors are as follows:

- The government's minimum funding guarantee for schools remains the same as in 2015/16 (-1.5%). This means that the maximum reduction in per pupil funding for any school is 1.5%.
- In the autumn all schools and academies were consulted on options to change the School Funding Formula that would involve no or little extra cost to the budget. The option supported by most respondents and the Schools Forum, and subsequently agreed by CELS, increases the age weighted pupil unit (AWPU) by £10 per annum and also changes the amount capped schools can gain. Schools would keep 15% of all gains per pupil in the funding formula.
- The government released new Index of Multiple Deprivation figures in December, which showed the IDACI (Income Deprivation Affecting Children Index) figures were lower for all Barnet schools (and in London generally) than in the previous year. This does not affect the DSG funding to the LA, as that does not relate to IDACI, but it does affect the distribution of funding to schools in Barnet because IDACI figures are a factor in our local school funding formula. Without a change in the formula, the amount distributed for deprivation factors would fall significantly, because many Barnet postcodes fell into IDACI bands we did not fund. To avoid a significant reduction in the amount distributed according to deprivation measures, the formula has been changed so that

funding distributed in relation to IDACI bands is now based on bands 3 to 5 rather than 4 to 6. For similar reasons Free School Meal eligibility in primary schools appears to have fallen, possibly due to the introduction of universal infant free school meals. The IDACI and FSM funding rates have also been increased to ensure the same amount of funding is distributed via deprivation factors as in 2015/16 and thus avoid significant reductions in funding for individual schools. As there would still be big losses among schools which gain, the cap was also raised to 20% without reducing the overall funding envelope.

- All academies and free schools are now treated equally in that their pupils are used to determine the Schools Block of the DSG, and the local authority calculates and submits their funding on the authority proforma tool (APT) so the money can be recouped from the DSG.
- Local authorities are responsible for pupil growth at all schools, except in the first year of opening a new free school. £3.6m has been included in the budget for the growth fund to pay for new year groups opening in academies and free schools as well as expansions at maintained schools.
- The same early years funding formula and rates as 2015/16 will be applied in 2016/17.

1.5.20 The funding rates proposed for the 2016/17 financial year are thus as follows:

	Primary Rate £	Secondary Rate £
Age Weighted Pupil Unit	3,325.75	4,772.86
Free School Meals (Ever 6)	1,423.56	505.00
Lump sum per school	122,000.00	122,000.00
Deprivation: IDACI 4	350.00	1,045.00
Deprivation: IDACI 5	2,100.00	5,225.00
Deprivation: IDACI 6	4,200.00	10,450.00
English as Additional Language 2	530.00	1,378.00
Mobility	422.90	618.53

Housing

1.5.21 Housing Committee has savings that deliver benefits to the Housing Revenue Account (HRA) business plan. These total £2.6m and comprise of the proposals below:

- Reduction in management and repairs costs due to forecast stock losses through estate regeneration and Right to Buy sales;
- Enhancing the value of contract arrangements, reduced accommodation costs and new ways of effective use of IT;
- Stopping ‘non-essential’ works and re-prioritisation of certain types of non-urgent repairs.

Public Health

1.5.22 Public Health funding has sustained an in-year cut of 6.2% (£1.048m) in 2015/16 as a contribution towards the national deficit. The Spending Review and Autumn Statement 2015 has confirmed that the ring-fence on public health spending will continue in 2016/17 and 2017/18, however funding is expected to reduce by an average of 3.9% per annum over the next 5 years. As part of the additional responsibilities that local government will need to take on as a result of further localisation of business rates – funding of public health expenditure has been confirmed. However, it is not clear which year this will be implemented from and a government consultation is expected. Therefore for now, the MTFS assumes this will be implemented after the current parliament ends.

1.5.23 In anticipation of a funding reduction the Public Health budgets have been modelled on a prudent 5% reduction. The programme of procurement in 2016/17 and beyond will in the main be a collaborative approach to the commissioning of sexual health services across London and is assumed to deliver efficiencies and contain growth, from April 2018. The proposals follow the strategic direction established for Public Health spend in 2014/15 with budget allocated to ensure delivery of priority outcomes. Decreases in spend in core Public Health service areas have been achieved via efficiencies and contract re-procurement.

1.5.24 Spend on the wider determinants of health, notably in Early Years, is increased. As a result, investment of £200k per annum (until March 2018) into Adult Social Care Prevention and £250k per annum (until March 2019) for CAMHS has been assumed. These investments will mitigate the impact of savings that will be delivered.

1.5.25 Commissioning intentions and the budget for 2016/17 are due to be presented to Health and Wellbeing Board at its meeting in March 2016.

1.6 Council Tax

1.6.1 As part of the Localism Act the Government has introduced new arrangements for Council Tax setting. These include provisions for a referendum on excessive Council Tax increases. The Government has indicated that the level that it considers excessive for general council tax is 2%. In effect this means that general Council Tax increases are capped at 2% for 2016/17.

1.6.2 The detailed council tax base schedule is included in Appendix B. Under delegated powers, the Chief Finance Officer has determined the 2016/17 tax base to be 135,324 (Band D equivalents) – the calculations are set out below:

Council Taxbase	2015/2016	2016/2017
	Band D Equivalents	Band D Equivalents
Total properties (per Valuation List)	166,725	168,206
Exemptions	(2,648)	(2,454)
Disabled reductions	(115)	(112)
Discounts (10%, 25% & 50%)	(31,571)	(28,938)
Adjustments	1,677	605
Aggregate Relevant Amounts	134,068	137,307
Non-Collection (1.5% both years)	(1,998)	(2,060)
Contributions in lieu from MoD	81	77
	132,151	135,324

Adult Social Care Precept

1.6.3 The Chancellor's budget announcement on 25 November 2015 allowed the flexibility of applying a precept of up to 2% annually from 2016/17 in order to mitigate the impact of the pressures on care for the elderly. The current underlying pressure in Adult social care is estimated to be at least £5.4m for 2016/17, which includes risks around increasing demand, new statutory requirements and increased referrals from the NHS.

1.6.4 Applying the new precept at the maximum amount for 2016/17 will allow for £3m of the pressure to be funded from this, with the remainder of the pressure being funded from further allocation of Better Care Fund and Winter Pressures money through negotiations with the CCG as detailed in para1.5.11. The precept would result in annual increases in Council Tax for householders ranging from £12.67 (£0.24 per week) for Band A to £38.01 (£0.73 per week) for Band H.

1.6.5 The Localism Act requires Council approval of the Council Tax requirement (including settlement funding assessment) in place of budget requirement (excluding settlement funding assessment).

1.6.6 If the Social Care Precept is applied, the council tax for Barnet will be as per the table below:

BUDGET	2015/2016 Original	2015/2016 Current	2016/2017 Original
	£	£	**£**
Total Service Expenditure	**276,465,365**	**277,965,365**	**271,782,521**
Contribution to / (from) Specific Reserves	6,461,288	6,461,288	10,735,156
NET EXPENDITURE	**282,926,653**	**284,426,653**	**282,517,677**
Other Grants	(32,038,000)	(33,538,000)	(38,829,000)
BUDGET REQUIREMENT	**250,888,653**	**250,888,653**	**243,688,677**
Business Rates Retention	(35,191,000)	(35,191,000)	(35,484,000)
Business rates top-up	(18,114,000)	(18,114,000)	(18,265,000)
BUSINESS RATES INCOME	**(53,305,000)**	**(53,305,000)**	**(53,749,000)**
RSG	(50,444,000)	(50,444,000)	(36,849,000)
Collection Fund Adjustments	(1,500,000)	(1,500,000)	(3,636,000)
Additional income from Council Tax			2,253,000
BARNET'S ELEMENT OF COUNCIL TAX REQUIREMENT	**145,639,653**	**145,639,653**	**151,707,677**
Council Tax Base			
BASIC AMOUNT OF TAX	**1,102.07**	**1,102.07**	**1,121.07**
GLA TAX	**295.00**	**295.00**	**276.00**
TOTAL COUNCIL TAX (BAND D EQUIVALENT)	**1,397.07**	**1,397.07**	**1,397.07**

1.6.7 The provisional GLA precept is £37,349,424 making the total estimated demand on the collection fund and Council Tax requirement £189,057,101.

London Borough of Barnet	**£149,136,521**
Social Care Precept	**£2,571,156**
Barnet's Council Tax Requirement	**£151,707,677**
Greater London Authority	**£37,349,424**
Total Requirement for Council Tax	**£189,057,101**

1.6.8 The levels of council tax for each category of dwelling will be:

Council Tax Band	Barnet	GLA	Aggregate
A	747.38	184.00	931.38
B	871.94	214.67	1,086.61
C	996.51	245.33	1,241.84
D	1,121.07	276.00	1,397.07
E	1,370.20	337.33	1,707.53
F	1,619.32	398.67	2,017.99
G	1,868.45	460.00	2,328.45
H	2,242.14	552.00	2,794.14

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

Council Tax Support Scheme

1.6.10 On 13 January 2015, following a consultation, The Council, adopted a revised Local Council Tax Reduction Scheme called Council Tax Support. The scheme had the following features:

- Contribution of 20% for working age claimants unless in a protected group;
- Continued protection from the impact of the minimum contribution for war pensioners;
- War pension income disregarded from both the working age scheme and the pension credit age scheme;

1.6.11 The working age Non-dependant (ND) charges be uprated as follows:

Description	**Deduction**
Gross income greater than or equal to £195.00 per week from any source unless the non-dependant is receiving an income in category 3)	£11.45 per week
Gross income less than or equal to £194.99 per week unless the non-dependant is receiving an income in category 3)	£5.00 per week
In receipt of Income Support, Income based Jobseekers Allowance, Income related Employment and Support Allowance, State Pension Credit or Universal Credit where the award is calculated on the basis that the recipient has no earned income	Nil

1.7 **Capital Investment Programme**

1.7.1 Investing in the future is a key strand of the council's response to the scale of the challenge facing Local Government from funding reductions and increasing demand. Barnet will not be able to support the growth needed to ensure the council's financial independence without investment for the future. The capital programme doesn't only support the growth agenda but also includes a number of additions that enable the achievement of the revenue savings proposals.

1.7.2 The current capital programme totals £761m up to 2020, funded from a combination of capital receipts, borrowing, revenue and external grant contributions. The MTFS includes provision for future capital expenditure on council priorities through to 2020.

1.7.3 A summary of the capital programme by Theme Committee is as below. The detail is set out in Appendix C1 & C2.

Theme Committee	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Adults & Safeguarding	4,450	5,886	15,914			**26,250**

Theme Committee	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Assets, Regeneration & Growth	42,124	55,747	50,180	22,380	5,700	**176,131**
Children, Education, Libraries & Safeguarding	47,550	68,853	31,262	43,462	31,875	**223,002**
Community Leadership		208				**208**
Environment	24,599	31,331	11,697	10,871	9,230	**87,728**
Housing	5,993	6,249	4,334	3,868	3,867	**24,311**
Policy & Resources	29,751	22,531	3,249	1,000	1,000	**57,531**
Housing Revenue Account	41,070	48,097	36,984	22,487	17,132	**165,770**
Total	**195,537**	**238,902**	**153,620**	**104,068**	**68,804**	**760,931**

1.7.4 There are a number of capital additions at different stages of development and approval, which may have a significant up front borrowing requirement. The costs of these are still being worked up and therefore at this stage these have not been added to the capital programme from 2016/17 but these are estimated to be:

- Brent Cross Thameslink station: estimated to be in the region of £215m; and will enable the regeneration of Brent Cross south side. £97m of this will be funded by central government grant (re-confirmed at Spending Review and Autumn Statement 2015) and ring-fenced increased business rates generated in the area (Barnet and GLA share);
- Development Pipeline Tranche 1: estimated to be in the region of £85m (2016-20); this mixed tenure development will generate capital receipts in excess of the investment which will enable us to continue investing in other projects across the borough;
- Development Pipeline Tranche 3: estimated to be in the region of £60m (2016-20); this affordable housing for rent development is intended to pay back the investment within 30 years and provide much needed social rents in the borough.

1.7.5 In the period up to 2020, there are a number of non-HRA projects and programmes including office building at Colindale, Thameslink station, secondary school builds and investment in roads and pavements that require significant capital funding. The Treasury Management team has undertaken work to review the current strategy with specific regard to the borrowing strategy and reviewing capital financing requirement, cash balances, other capital proceeds, cashflow and phasing of new borrowing requirements. This forms part of the Treasury Management Strategy, in order to utilise cash balances as much as possible and reduce the need to take out new external borrowing.

1.8 Treasury Management Strategy

1.8.1 The Treasury Management Strategy is included in Appendix I. The main recommended revisions to the Treasury Management Strategy are:

- Further diversification of financial instruments into more secure /higher yield asset classes in consultation with the Council's investment advisor
- Increasing limit of investments over one year/non specified investments to a maximum of £150 million

1.8.2 There is also the proposal to lend up to £65 million to Barnet Homes Open Door but this will be treated as a policy decision rather than as part of the TMS i.e. it is a one off decision.

1.9 Housing Revenue Account

1.9.1 The Local Government and Housing Act 1989 requires the Housing Revenue Account (HRA) to be maintained as a ring-fenced account. Any surpluses generated from the HRA can be used to support the account when it fails to break even. One budget can be set so that there is a drawing on balances, but it is not permissible for an overall HRA budget deficit to be set. It is for the Council to determine what level of balances should be maintained. The quarter 3 monitoring position indicated that at 31 March 2015 the HRA balances were £14.9m, and forecast to be £8.3m at 31 March 2016.

1.9.2 The principal items of expenditure within the HRA are management and maintenance costs, together with charges for capital expenditure (depreciation and interest). This is substantially met by rent and service charge income from dwellings, garages and commercial premises.

Council Dwelling Rents

1.9.3 Council rents will fall by 1% a year for the next four years from April 2016, following which they are expected to increase by Consumer Prices Index (CPI) + 1%. This is required by the Welfare Reform and Work Bill that is currently progressing through Parliament.

1.9.4 When a dwelling is re-let to a new tenant then the rent will be reset at the formula rent level, minus 1% for four years from April 2016 as required by the Government policy for social rents.

1.9.5 Where a dwelling rent is already above formula rent levels at the point it becomes empty, there will be no adjustment to the rent when the property is re-let.

1.9.6 Once a property has been let, the rent will reduce by 1% a year at the start of the following financial year for the current tenant up to and including 2019/2020.

1.9.7 New homes being delivered on the Council's land will be subject to affordable rents set at 65% of average private sector market rents or the Local Housing Allowance (LHA) whichever is lower. In line with Government Policy, the affordable rent that applies at the end of each financial year will be reduced by

1% at the start of the next financial year for the current tenant up to and including 2019/2020.

1.9.8 The average weekly rent on a 52 week basis will be £101.84. This has decreased from an existing weekly average rent of £102.87.

Service Charges and Garages

1.9.9 The table below outlines the changes that are recommended to take effect from 1 April 2016:

<table>
<tr><th></th><th>2015/16</th><th>2016/17</th><th>Increase</th><th>% Increase</th></tr>
<tr><td>Grounds Maintenance</td><td>£1.85</td><td>£2.71</td><td>£0.86</td><td>46.3%</td></tr>
<tr><td>Lighting</td><td>£1.14</td><td>£1.16</td><td>£0.02</td><td>2%</td></tr>
<tr><td>Heating - Grahame Park</td><td>1 Bed- £11.96
2 Bed - £16.59
3 Bed - £17.91</td><td>1 Bed- £12.20
2 Bed - £16.92
3 Bed - £18.27</td><td>1 Bed- £0.24
2 Bed - £0.33
3 Bed - £0.36</td><td>2%</td></tr>
<tr><td>Heating – excluding Grahame Park</td><td colspan="4">2%</td></tr>
<tr><td>Digital Television</td><td>£0.82</td><td>£0.84</td><td>£0.02</td><td>2%</td></tr>
<tr><td>Weekly Caretaking</td><td>£6.48</td><td>£6.61</td><td>£0.13</td><td>2%</td></tr>
<tr><td>Caretaking Plus</td><td>£8.36</td><td>£8.53</td><td>£0.17</td><td>2%</td></tr>
<tr><td>Quarterly Caretaking</td><td>£1.31</td><td>£1.34</td><td>£0.03</td><td>2%</td></tr>
<tr><td>Enhanced Housing Management and Alarm Service (sheltered housing)</td><td colspan="4">2%</td></tr>
<tr><td>Garages</td><td colspan="4">2%</td></tr>
</table>

1.9.10 Service charges and garage rents have been reviewed to ensure that costs are being recovered.

1.9.11 Grounds maintenance fees will increase by 46.3 %, an increase of £0.86 per week. This is due to the fact that a review of charges and recharges has shown that more can be charged to reflect the actual costs of running the service.

1.9.12 All other housing related service charges and the rents for garages will be increased by 2%.

HRA Summary and working balance

1.9.13 Total expenditure for 2016/17 is estimated at £59m, including charges for financing HRA debt.

1.9.14 The HRA for 2016/17 shows a contribution to balances of £1.2m. The estimated HRA balance as at 31 March 2017 is £9.5m.

1.10 Robustness of the budget and assurance from Chief Finance Officer

1.10.1 The Chief Finance Officer is required under section 25 of the Local Government Act 2003 to report to the council on the robustness of the estimates and adequacy of reserves. The council's reserves and balance policy is attached at Appendix K.

Robustness of Estimates

1.10.2 The financial planning process for 2016/17 is in light of confirmation of further cuts from central Government. This has posed a significant challenge for all authorities to balance budgets with significant reductions in government support.

1.10.3 The draft local government finance settlement for Barnet in 2016/17 has resulted in an additional £5.5m of grant reduction. The impact on the MTFS has been mitigated by using collection fund surplus, additional new homes bonus received and reducing general contingency.

1.10.4 The reduction of funding in contingency means that if the social care precept is not applied, additional savings options will need to be developed of at least £3m (on-going) to ensure there is a balanced and sustainable budget going forward.

1.10.5 The financial planning process has been managed at officer level through the Delivery Unit Board and Commissioning Group Management Team meetings. These Director level groups have overseen the process for financial planning, including medium-term resource projections, the strategic context for the borough, and the quantification of new pressures on resources, and the identification of potential budget savings. This has happened alongside budget challenge sessions with members of Performance and Contract Management Committee and Policy and Resources Committee.

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

1.10.7 At Member level, the Theme Committees have considered the financial planning process and made recommendations to the Policy and Resource Committee. The savings will then be referred to Council and agreed in March.

Robustness of Budget Setting Process

1.10.8 The process that has been undertaken to set the budget has included engagement of officers from service departments throughout the year, regular reporting to Theme Committees and Council, consultation with the public, along with due consideration of statutory duties, particularly in respect of equalities. For these reasons, it can be confirmed that the budget setting process has been robust.

Effectiveness of Budget Management

1.10.9 The council has robust arrangements for managing budgets and performance. Close attention will continue to be paid to the implementation of agreed savings, with regular reporting to the Performance and Contract Management Committee.

1.11 Reserves and balances

1.11.1 It is the role of the Section 151 officer to recommend a level of reserves within the council's budget. However, it is important that members understand the level of reserves that the council holds, and ensure that the reserves policy fits in line with the organisational strategy. The council's policy on reserves and balances is attached at Appendix K.

1.11.2 The council holds general non ring-fenced and not earmarked annual reserves of £15m to deal with any in year and unplanned pressures. This is equivalent to 5% of annual expenditure and this amount is in line with Audit and Regulatory good practice. The council's need to ensure an adequate level of reserves and contingencies which will enable it to manage the risks associated with delivery of the budget including equalities impacts and unforeseen events.

1.11.3 Ring fenced reserves include money that is ring fenced by statute and can only be used for their designated purpose (such as schools and public health balances), funding held to service a long term PFI contract, and also funding held on behalf of other organisations such as the North London Sub Region.

Specific reserves	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20
	£m	£m	£m	£m	£m	£m
Risk	12.0	9.9	9.9	9.9	9.9	9.9
Transformation	15.0	1.5	1.5	1.5	1.5	1.5
PFI	3.7	3.7	3.7	3.7	3.7	3.7
Service Development	7.9	6.1	6.1	6.1	6.1	6.1
Infrastructure	34.7	20.6	0.6	0.6	5.3	11.1
Service Reserves	42.7	35.6	34.3	34.2	34.2	34.2
Council total	**116**	**77.4**	**56.1**	**56**	**60.7**	**66.5**
Schools reserves	13.1	13.1	13.1	13.1	13.1	13.1
Total	**129.1**	**90.5**	**69.2**	**69.1**	**73.8**	**79.6**

General reserve	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20
	£m	£m	£m	£m	£m	£m
General fund	14.8	14.8	14.8	14.8	14.8	14.8

Housing revenue account	32.8	32.8	32.8	32.8	32.8	32.8

1.12 2015/16 Revenue Budget management

1.12.1 The general fund forecast outturn for quarter 3 is an overspend of £2.6m. This represents a 0.95% variance against a budget of £277.9m. In order to manage expenditure and income within agreed budgets, Directors are tasked with developing recovery plans to identify all significant pressures to ensure mitigations are identified.

1.12.2 The Delivery Units with significant overspends are listed below with a summary of their main pressures:

- Adults and Communities: forecast overspend of £2.2m at quarter 3, driven by increased demand for services funded from care budgets, particularly clients with dementia; clients transitioning into learning disabilities from children's services with increasingly complex needs and correspondingly expensive packages of care; and self-funders whose funds have depleted.
- Family Services: forecast overspend of £0.96m at quarter 3, driven by increased demand for residential care, special guardianship orders and resident's orders, preparing for independence and family assessments. The overspend also relates to the use of agency staff due to the national shortage of social workers.
- Housing: forecast overspend of £.4m at quarter 3, driven primarily because of a reduction in availability of lower cost units on regeneration estates, along with other economic factors resulting in increased demand for more expensive short term accommodation.

1.12.3 Recovery plans for forecast in-year overspends are monitored by Performance and Contract Management Committee through the year. Specific risks in the MTFS in para 1.4.2 takes the pressures above into consideration, however relevant Directors will need to ensure existing overspends are being addressed in order to ensure delivery of future savings proposals are not at risk.

Transfers from contingency and reserves

1.12.4 Allocate £584k (on-going) from contingency to fund the revenue pressure from temporary accommodation in Housing Needs and Resources.

1.12.5 Allocate £1.4m (one-off) from contingency to fund the continued pressure on Adults and Communities budget from increased referrals, an increase in clients with complex needs and self-funders with depleted funds.

Transfers to reflect budget changes

1.12.6 The Summers Lane Civic Amenities and Recycling Centre (CARC) transferred to the control of the North London Waste Authority (NLWA). The associated costs for the management of the Summers Lane CARC will in future be charged to the council through the NLWA waste levy. As a result an on-going budget virement of £764k is required from Street Scene to Commissioning Group.

1.12.7 Insurance budgets need to be re-aligned across all delivery units to capture the total cost of running the service. This virement will be on a one-off basis as per the table below:

Service Area	£
Adults and Communities	(23,420)
Assurance	(6,030)
Births Deaths & Marriages	(750)
Children's Education & Skills	(14,990)
Children's Family Services	(59,200)
Commissioning	(13,760)
Customer Support Group	(97,720)
Housing Needs Resources	(140)
Parking & Infrastructure	(1,570)
Regional Enterprise	(3,850)
Streetscene	38,400
Central Expenses	183,030
Grand Total	(0)

Debt Write off

1.12.8 The following write offs over £5k, be referred to Full Council. The full detail is included in Appendix L;

- Sundry Debt write offs totalling £0.306m
- Council Tax write offs totalling £0.131m
- Non-Domestic Rates write offs totalling £1.001m
- Housing Rents write offs totalling £0.285m
- Housing Leaseholder write offs totalling £0.038m

1.13 Transformation Programme

1.13.1 Delivery of the outcomes set through the Corporate Plan and the savings required by the MTFS will continue to be achieved by the transformation programme, established in December 2014. At the heart of this approach is an invest-to-save model, aiming to achieve cumulative benefits of £171m by 2020.

1.13.2 The Council has delivered major changes already through the transformation programme, including:

- A new innovative partnership with Cambridge Education for a range of education services (due to commence in April 2016);
- A new pilot multi-agency employment support team in Burnt Oak called BOOST;
- A new, integrated service for 0-25 year olds with learning disabilities;
- New proposed strategies for Open Spaces and Waste & Recycling services which are now out for public consultation;
- Transferred staff out of North London Business Park Building 4;
- Identified two sites on Copthall and Victoria Recreation Ground for new leisure centres.

1.13.3 The transformation programme will continue to be the key mechanism for delivering the Council's MTFS savings and wider desired outcomes, providing the additional skilled capacity and delivery arrangements, beyond current business as usual operations, which will be required. In total, the programme now aims to achieve £62.8m budget savings, including £22m new areas of savings from when the programme was first established. Cumulatively this would mean £171m of savings delivered by the end of 2019/20.

1.13.4 A number of new projects will need to be established, or existing projects re-scoped, in order to deliver these new savings areas. These include:

- Supporting people to find work and improve their employment opportunities, focusing on social care clients and young people at risk of being not in employment, education or training
- Safely reducing the number of children in care by working with social workers and other children's services professionals to embed new social care best practice frameworks & approaches used for targeted intervention and managing demand, such as Signs of Safety, Pause and No Wrong Door
- Improving how residents and businesses access council services by improving the website, moving to online services, redesigning key processes, developing the right face-to-face service points, and providing greater ability to manage demand
- Increasing the independence of social care clients, through additional capacity to improve the review and support planning process including the use of equipment and technology
- Putting in place the most appropriate delivery models for adults social care, children's services and street scene services
- Improving the provision of alternative education services (where pupils engage in timetabled, educational activities away from school and school staff) for Barnet schools within a new Multi-Academy Trust which integrates existing services within suitable accommodation
- Delivering service reforms to early years, youth, adoption, and CAMHS services
- Reinforcing a culture that rewards high performance and drives up productivity by implementing new pay, grading and contractual arrangements to ensure a better overall package in terms of basic pay.

1.13.5 The Council will continue to use its established model for ensuring projects are developed and delivered in an effective way, with business cases and recommendations presented to Committees at set points - with a strong focus on ensuring that the costs are proportionate with the benefits of delivering the project. Larger, more complex projects are subject to internal audit and, where required, external gateway reviews. Progress against relevant programmes and projects will continue to be reported to Performance and Contract Monitoring Committee each quarter.

1.13.6 The Council has put in place a Transformation Reserve to enable successful delivery of required changes. There are some underspends in specific areas that can be used to fund some of the new areas of spend as shown in the table below. After use of these underspends, the total additional funding required from 2016/17 onwards for future projects is £4.3m which will be transferred to the transformation reserve from the service development reserve.

2. REASONS FOR RECOMMENDATIONS

2.1 The council is legally obliged to set a budget each year which must balance service expenditure against available resources. It is also a key element of effective financial management for the council to put together a financial forward plan to ensure that it is well placed to meet future challenges, particularly in the context of cuts to local authority funding, demographic increases and legislative changes.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 This report sets out a range of options across the council's remit to meet the budget challenge. This includes proposals for workforce savings, as well as generating income. Alternatives to this could include more significant cuts to services the council provides, but these are not included in this report.

4 POST DECISION IMPLEMENTATION

4.1 Following approval of these recommendations, these budget proposals and council tax requirement will be considered by Council on 1 March 2016.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The Council's Corporate Plan for 2015-20 sets the vision and strategy for the next five years based on the core principles of **fairness**, **responsibility** and **opportunity**, to make sure Barnet is a place:

- Of opportunity, where people can further their quality of life;
- Where people are helped to help themselves, recognising that prevention is better than cure;
- Where responsibility is shared, fairly;
- Where services are delivered efficiently to get value for money for the taxpayer.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 The revenue budget proposals will enable the council to meet its savings target as set out in the MTFS. These budgets will be formally agreed each year, after appropriate consultation and equality impact assessments, as part of the council budget setting process. For this reason, the proposals are subject to change annually.

5.2.2 The budget proposals in this report will have an impact on staff. A number of budget proposals will result in a reduction in posts in the organisation. For 2016/17, this impact will be discussed at General Functions Committee and is summarised below:

Delivery Unit	Full Time Equivalents (FTE)
Adults and Communities	47.5
Family Services	0
Street Scene	12
Commissioning Group	0
Total	**59.5**

5.3 Social Value

5.3.1 In taking forward the proposals due regard will be paid to the Social Value Act. The Social Value Act will be a useful tool in ensuring that our activities are embedded in prevention and early intervention. We will seek to look for added value that providers can bring in delivering our services, such as where apprenticeships are provided.

5.3.2 The Public Services (Social Value) Act 2013 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Before commencing a procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders.

5.4 Legal and Constitutional References

5.4.1 Section 151 of the Local Government Act 1972 states that: "without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". Section 111 of the Local Government Act 1972, relates to the subsidiary powers of local authorities.

5.4.2 Section 28 of the Local Government Act 2003 (the Act) imposes a statutory duty on a billing or major precepting authority to monitor, during the financial year, its income and expenditure against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the authority must take such action as it considers necessary to deal with the situation. Definition as to whether there is deterioration in an authority's financial position is set out in sub-section 28(4) of the Act.

5.4.3 All proposals emerging from the review of the budget setting process must be considered in terms of the council's legal powers and obligations, including its overarching statutory duties such as the Public Sector Equality Duty.

5.4.4 Constitution Responsibilities for Functions Annex A sets out the terms of the Policy and Resources Committee, which include:

- To be the principal means by which advice on strategic policy and plans is given and co-ordinated on strategic issues such as the Council's Capital and Revenue Budget setting, Medium Term Financial Strategy and ensuring effective Use of Resources and Value for Money.
- To be responsible for the overall strategic direction of the Council including strategic partnerships, Treasury Management Strategy and internal transformation programmes.
- To consider and take any necessary action on proposals for new legislation, Bills before Parliament, Acts of Parliament and other proceedings before Parliament affecting or likely to affect the interests of the Borough or its inhabitants generally, where not the specific concern of any other committee(s). The promotion of Bills and Provisional and Statutory Orders in Parliament shall be dealt with by the council.

5.4.5 As a matter of public law the duty to consult with regards to proposals to vary reduce or withdraw services will arise in 4 circumstance:
- Where there is a statutory requirement in the relevant legislative framework;
- Where the practice has been to consult or where a policy document states the council will consult then the council must comply with its own practice or policy;
- Exceptionally, where the matter is so important that there is a legitimate expectation of consultation; and
- Where consultation is required to complete an equalities impact assessment.

5.4.6 Regardless of whether the council has a duty to consult, if it chooses to consult, such consultation must be carried out fairly. In general, a consultation can only be considered as proper consultation if:
- Comments are genuinely invited at the formative stage;
- The consultation documents include sufficient reasons for the proposal to allows those being consulted to be properly informed and to give an informed response;
- There is adequate time given to the consultees to consider the proposals;
- There is a mechanism for feeding back the comments and those comments are conscientiously taken into account by the decision maker / decision making body when making a final decision;
- The degree of specificity with which, in fairness, the public authority should conduct its consultation exercise may be influenced by the identity of those whom it is consulting; and
- The consultation is clear on the reasons why, and the extent to which alternatives and discarded options, have been considered.

5.4.7 Barnet Council is committed to involving residents, businesses and service users in shaping the borough and the services they receive. Consultation and engagement is one of the key ways the council interacts with and involves local communities and residents, providing them with opportunities to:
- Gain greater awareness and understanding of what the council does
- Voice their views and understand how they can get involved
- Feed in their views to the democratic decision making process.

5.4.8 There will be staff consultation about these proposals in compliance with s188 of the Trade Union & Labour Relations (Consolidation) Act 1992. The Council may be required to publish a statutory notice to the Secretary of State and undertake consultation should we reach the minimum thresholds for potential redundancies resulting from these proposals

5.4.9 Decision makers should have due regard to the Public Sector Equality Duty when making their decisions. If negative equality impacts are found then decision makers may – or may not – decide to change their decisions after balancing all of the factors, including but not limited to equality considerations. The equalities duties are ongoing duties – they are not duties to secure a particular outcome. The equalities duties should be taken into account before a decision is made. It is important that decision makers have regard to the statutory requirements on them and make decisions in light of all available material. This will include the results of consultation and other comments that residents and organisations make on the proposals.

5.4.10 Full equality impact assessments have been prepared for the Policy and Resources Committee for those savings that will make up the budget for 2016/17 taking into account the results of the public consultation before the budget is referred to Council. Where proposals are at early stages then the equality impact assessment will be completed prior to decisions being made.

5.5 Risk Management

5.5.1 The Council has taken steps to improve its risk management processes by integrating the management of financial and other risks facing the organisation. Risk management information is reported quarterly to Committees and is reflected, as appropriate, throughout the annual business planning process.

5.5.2 In December 2015, the Government confirmed spending totals for Councils for 2016/17 and indicative figures from 2017-20. Ahead of this the Spending Review and Autumn Statement 2015 has confirmed that the deficit elimination and debt reduction programme is set to continue until the end of the decade. For this reason, it is important that the Council continues to be prudent with its use of reserves and contingency to mitigate future cuts.

5.5.3 The challenges set out in this report require fundamental change in the way Council services are delivered, which impacts on the human resources of the organisation and related policies and practices. This process will be managed in conjunction with Trade Unions and staff.

5.5.4 The future savings proposals are significantly challenging and dependent on a range of factors often outside of the control of the service and with longer lead in times. The achievement of savings predicated on reducing demand through improved preventative work and social work practice should lead to better outcomes. However the relationship between early intervention/prevention and reduced demand on social care is not always linear and is subject to a range of both controllable and uncontrollable variables. There is therefore a risk that the savings set out may not able be deliverable as the Council must always ensure that safeguarding of adults, children and young people remains paramount.

5.5.5 The corporate risk register as at quarter 3 is included in Appendix M.

5.6 Equalities and Diversity

5.6.1 The Equality Act 2010 and The Public Sector Equality Duty, require elected Members to satisfy themselves that equality impact considerations have been fully taken into account in developing the proposals which emerge from the finance and business planning process, and considered together with any mitigating factors. As part of the Council's approach to strengthening how due regard is paid to equalities in decision making, the Council will consider the equality impact of each proposal in the budget year in question and develop Equality Impact Assessments (EIAs) as appropriate.

5.6.2 As with last year the council has considered the 9 characteristics protected by Equality Act 2010. In addition, as in previous years, the council has sought to assess the impact on other groups who may be vulnerable including carers, (adult and young carers), people currently out of work and those on low income and particular geographic areas of disadvantage – groups who are not defined as a protected characteristic under the 2010 Equality Act but who may nevertheless experience additional barriers to equal life chances. This is in line with the council commitment to fairness as discussed at Policy and Resources Committee on 10 June 2014, when Members advised that Committees 'should be mindful of fairness and in particular, of disadvantaged communities when making their recommendations on savings proposals. These groups were also highlighted in last year's assessment of cumulative equalities impact of our proposals.

5.6.3 The council has taken account of growing diversity in the demographic makeup of the borough's population, including growth in both young and older people, in determining both the corporate strategy and service responses in this paper so that the aspirations and contributions of current residents are reflected. The council also aims to consider the needs of all tax payers and to strike the right balance between fairness towards the more frequent users of services and fairness to the wider taxpayer, making sure that all residents from our diverse communities can access and benefit from local services and the opportunities of growth in the borough.

5.6.4 To meet the requirement for members outlined above equality impact assessments will be published to support 2016/17 savings proposals. A Cumulative Equalities Impact assessment of the proposed 2016/17 budget savings is attached at Appendix H to this paper. This document is scheduled for publication on 8th February 2016 for Policy and Resources Committee on 16th February. At this stage, whilst the document represents a near final cumulative EIA, and the analyses of the equality impacts of proposals are not expected to change, it must be kept in mind that the paper is published ahead of the closure of the Council's public consultation of the budget proposals on 12th February 2016. Therefore both the cumulative and individual EIAs may require updating after this to take account of consultation feedback and prior to final endorsement of the budget at the Council meeting on 1st March 2016.

5.6.5 The council has carried out 13 EIAs for 14 individual budget savings proposals for 2016/17 and these are published with a cumulative assessment of the equalities impact. One of the EIAs covers two proposals. 8 of the 13 EIAs are showing either significant or minimal positive impact, 2 are showing a neutral impact and 3 are showing a negative impact.

5.6.6 The minimal negative equalities impacts identified in cumulative EIA of the council's budget proposals arise from two proposals - Home Meals (ASC) and Libraries (CELS) and affect five protected groups. These are:

- Age: Over 85's (Home meals, ASC);
- Ethnicity: Jewish and other minority groups (Home meals, ASC);
- Age: 16-18 years (Libraries, CELS);
- Women – pregnancy and maternity (Libraries, CELS);
- People with disabilities (Libraries, CELS).

5.6.7 Mitigations are fully detailed in the cumulative EIA which also notes a regrettable continuing cumulative negative impact for young people. According to the Equality and Human Rights Commission; prospects for young people in the UK have worsened over the past five years[1]. - taking into consideration Barnet's commitment to fairness and the wider economic context.

5.6.8 Environment are showing **impact not known** for five new budget saving proposals from (Parks and Green spaces, street scene, waste collection and fees and charges). This is because the proposals are at an early stage and during 2016 it is planned to develop a strategy for waste and recycling and proposals for Parks and Open Spaces, both of which affect all residents in the borough, to deliver services which reflect the needs of the diversity of Barnet residents. Consultations have been launched to assist those strategic reviews and to inform further years' budget savings from 2017 and the EIAs will be developed as those proposals take shape and prior to decision making on those proposals in committee.

5.6.9 Adults' proposals for supporting people in the community, independence of young people, personal assistants, support for working age adults, provision of wheelchair housing and Homeshare are all assessed as positive showing positive impacts for older people, vulnerable people, people with learning, mental health and other disabilities. Positive impacts are identified for children and young people in the strategy for Looked after Children, Early Years proposals are expected to have a minimum positive impact on the protected characteristics and in particular they anticipate improved access to information and services for pregnancy and maternity. The alternative delivery model for Education and skills indicates a neutral impact for the protected characteristics and anticipates benefits for staff transferring. On balance therefore, the equalities analysis of the business planning process has identified that, as the council makes hard decisions, they are aware of the need to mitigate negative impacts, for the protected characteristics and to design new services with this in mind.

5.6.10 All human resources implications of the budget savings proposals will be managed in accordance with the Council's Managing Organisational Change

[1] http://www.equalityhumanrights.com/about-us/our-work/key-projects/britain-fairer-0

policy that supports the Council's Human Resources Strategy and meets statutory equalities duties and current employment legislation.

5.7 Consultation and Engagement

Preliminary consultation

5.7.1 The Council has already undertaken a range of consultation and engagement to inform the Council's development of the Corporate Plan strategic priorities and 5 year Commissioning priorities and plans, along with indicative savings proposals to inform the MTFS. The preliminary consultation was designed to:

a. Inform the Priorities and Spending Review by gathering insight to explore where savings and income generation can be made across the Council
b. Understand residents' views of Council priorities and valued services
c. Gain an in-depth understanding of stakeholders' priorities and how they would want the Council to approach the budget and allocation of resources over the next five years.

5.7.2 Last year formal consultation took place on the Strategic Plan to 2020. The results of which were presented to Policy and Resources Committee in February 2015 and Full Council in March 2015, before signing off the final Strategic Plan and MTFS to 2020.

5.7.3 The Strategic Plan consultation was designed to consult on the combined package of the Corporate Plan; Commissioning Priorities; and budget to 2020.

The consultation aimed to:

- Create a stronger link between strategy, priorities and resources
- Place a stronger emphasis on commissioning as a driver of the business planning process.
- Focus on how the Council will use its resources to achieve its Commissioning Plans.

5.7.4 The table below outlines the phases of engagement to date:

Phase	Date	Summary
Phase 1: Setting out the challenge	Summer 2013	The council forecast that its budget would reduce by a further £72m between 2016/17 and 2019/20, setting the scene for the PSR consultation
Phase 2: PSR consultation to inform development of options	October 2013 - June 2014	• Engagement through Citizen's Panel Workshops which focused on stakeholder priorities and how they would want the Council to approach the Priorities and Spending Review • An open 'Call for Evidence' asking residents to feedback ideas on the future of public services in Barnet.
Phase 3:	Summer 2015	• Focus on developing

Engagement through Committees		commissioning priorities and MTFS proposals for each of the 6 committees • Engagement through Committee meetings and working groups
Phase 4: Strategic Plan to 2020 Consultation	December 2014 – 2015	• A series of 6 workshops with a cross section of residents recruited from the Citizens Panel and Youth Board, plus two workshops with users[2] of council services. • An online survey

Formal consultation on 2016/17 budget

5.7.5 The preliminary consultation and engagement has informed the development of the Council's 2016/17 budget proposals to be put forward for consultation.

5.7.6 To allow for an eight-week budget consultation, a general budget consultation began after Policy and Resources Committee on 18 December 2015 and will be concluded on 12 February 2016.

5.7.7 This report outlines the headline interim findings as of 3 February 2016. The interim consultation findings will be updated and re-published on 16 February 2016 for Policy and Resources Committee to consider on the night, together with Appendix B.

5.7.8 The final consultation findings and full report will be taken to Council on 1 March 2016.

General consultation on 2016/17 budget
Method

5.7.9 The 2016/17 general budget consultation focused on the overall size and individual components of the 2016/17 budget in general terms. In particular, the consultation invited views on the:

- Overall budget and saving proposals;
- the savings being made within each Theme Committee;
- the proposal not to increase general Council Tax;
- and whether or not the council should introduce the 2% 'Adult Social Care Precept' Council Tax increase.

5.7.10 The general consultation was published on Engage Barnet with detailed background information about the Council's budget setting process and the financial challenges the council faces.

5.7.11 Respondent's views were gathered via online survey. Paper copies and an easy read version of the consultation were also made available on request.

5.7.12 As part of the Council's statutory duty to consult with National Non Domestic Rate (NNDR) Payers, letters were sent out to all the council's NNDR payers inviting them to take part in the consultation.

[2] *One "service user" workshop was for a cross section of residents who are users of non-universal services from across the Council. The second workshop was for adults with learning disabilities.*

5.7.13 The consultation was widely promoted via the Council's Residents' magazine, Barnet First; Barnet Online; local press; Twitter; Face book; Area Forums; and posters in libraries and other public places.

5.7.14 Super-users, i.e. users of non-universal services, have also been invited to take part in the consultation through Community Barnet; Communities Together Network, Youth Board, and Delivery Unit newsletters/circulars and super user mailing lists.

5.7.15 To ensure the views of a representative sample of the borough's population were captured on the proposal not to increase Council Tax and whether or not the council should introduce the 2% 'Adult Social Care Precept' Council Tax increase a separate questionnaire was sent to the Citizens' Panel.

Headline Interim findings:

5.7.16 As at the 3 February, a total of 345 questionnaires have been completed, 43 by the general public via the open online web survey, and 302 by the Citizens' Panel.

Overall Budget and Savings for 2016/17

5.7.17 Respondents were asked if they had any comments to make on how the 2016/17 proposed savings had been allocated across the Theme Committees.

5.7.18 Of the 43 respondents, 23 completed this question.

5.7.19 Due to the current small sample size the results should be treated with caution. Also, due to the low completion rate of the equality monitoring questions no analysis has been done on these at this stage.

5.7.20 The types of responses were varied with no clear majority. The most frequently mentioned responses are outlined below:

Four respondents indicated they agreed with the overall approach, citing:

- *I agree with proposals (2);*
- *Well thought out I think they are well thought out and the most vulnerable will be looked after ;*
- *The Theme Committee approach to identify effective saving is more effective than standard percentage slicing across all areas of Council spend.*

Five respondents asked for further clarity on the savings and approach:

- *Are savings based on services being commissioned or being in-house?*
- *How well are commissioned services being delivered?*
- *What savings are based on cutting services?*
- *What is the new model of social work practice?*
- *Do not understand 'Community Leadership' committee or its purpose.*

Three respondents felt that further efficiency savings could be made, citing:

- *Cut processes rather than services*

- *Review corporate support contracts due in 2016 and look at profit margins*
- *Value for money is required rather than reducing budgets*

Theme Committee Saving Proposals 2016/17

5.7.21 Respondents were asked the following questions on the saving proposals within each Themed Committee for 2016/17:

- Do you have any comments to make about the savings being proposed within this Committee's budget for 2016/17?
- Overall, to what extent do you agree or disagree with the savings that have been proposed within this Committee's budget for 2016/17?
- If you disagree, please give reasons for your answer:
- If you disagree, do you have any alternative suggestions for where the council could make these savings or generate income?

5.7.22 This interim report provides the headline findings on the extent of which respondents agreed or disagreed with the savings proposed within each committee. Further analysis on the open ended questions will be provided in the final report.

Theme Committee	Consultation Findings
Policy and Resources	Opinion was mixed on the saving proposals within this committee, with no clear majority agreeing or disagreeing - 10 out of 24 respondents agreed, 11 out of 24 disagreed. One respondent indicated they Neither agree nor disagree and two indicated Don't know/Not sure.
Adults and Safeguarding	More respondents disagreed with the proposed savings within the Adults and Safeguarding Committee's - 16 out of 25 respondents disagreed compared to 7 out of 25 who agreed. One respondent indicated they Neither agree nor disagree and one indicated Don't know/Not sure.
Children, Education, Libraries and Safeguarding	Opinion was mixed on the proposed savings within the Children, Education, Libraries and Safeguarding Committee, with more respondents disagreeing - 14 out of 24 respondents disagreed compared to 8 out of 24 who agreed. One respondent indicated they Neither agree nor disagree and one indicated Don't know/Not sure.
Environment	Opinion was mixed on the proposed savings within the this committee - 11 out of 23 respondents agreed compared to 10 out of 23 who disagreed. Two respondents indicated they Neither agree nor disagree.
Assets, Regeneration and Growth	Opinion was slightly more mixed on the saving proposals within this committee, with no clear majority agreeing or disagreeing - 7 out of 19 respondents agreed compared to 6 out of 19 who disagreed. Four respondents indicated they

	Neither agree nor disagree and two indicated Don't know/Not sure.
Community Leadership	The majority of respondents agreed with the budget proposals within this committee - 10 out of 15 respondents agreed and 5 out of 15 disagreed.
Housing	Slightly more respondents disagreed with the proposed savings within the Adults and Safeguarding Committee's - 3 out of 6 disagreed. Three respondents indicated they Neither agree nor disagree.

Council Tax

5.7.23 As at 3 February 2016, 345 respondents have completed the questions on Council Tax, 43 from the general public questionnaire, and 302 by the Citizens' Panel.

5.7.24 The findings to these questions will be reported on separately, in terms of the responses from the general public consultation to all residents and the Citizens' Panel responses. This is to allow for comparisons to be made with the larger representative sample of the Citizens Panel and the much smaller response to the general public questionnaire. As the general public questionnaire has only received a total response of 43, when considering the general public findings account should be taken of the small sample size.

5.7.25 Key findings are summarised below:

The Council's proposal not to increase general Council Tax in 2016/17

5.7.26 Respondents were asked how much they agreed with the council's proposals not to increase the proportion of Council Tax bills which can be spent on general local services.

- 302 Citizens' Panel members and 33 from the general public answered this question.

5.7.27 Full analysis on the equality monitoring questions will be done in the final report.

- The table over the page shows that almost three fifths of the Citizens' Panel (56 per cent) agreed with the council's proposal not to increase general Council Tax in 2016/17. A further third disagreed (32 per cent), and 12 per cent said they did not know or were not sure.
- In contrast, just over half of those responding to the general public consultation, disagreed with the councils proposal not to increase council tax in 2016/17 (52 per cent, 17 out of 33). A third agreed (36 per cent, 12 out of 33 respondents) and 12 per cent (4 out of 33) said they were not sure or did not know.

Do you agree with the council's plans not to increase the proportion of Council Tax bills which can be spent on general local services?	Citizens' Panel		General Public	
	%	Number	%	Number

Yes	56%	169	36%	12
No	32%	96	52%	12
Don't know/Not sure	12%	36	12%	3
Total	100%	302	100%	27

Reasons given by those who agreed with the proposal not to increase general Council Tax in 2016/17

5.7.28 Of those who indicated they agreed with the proposal 49 per cent of Citizens' Panel and 25 per cent (3 out of 12 respondents) of the general public respondents did not give a reason for their response. Of the respondents who did give a reason, the top five most frequently cited reasons were:

- ***'Barnet council tax is very high already / Enough is being charged'.*** Nine per cent of Citizens' Panel respondents who agreed cited this as a reason for why they supported the proposal not to increase general Council Tax. None of the general public consultation respondents gave this reason.
- ***''Earnings/ Incomes have not increased in reality / Many people struggle already / I cannot afford it Good for pensioners / those on low income/ on fixed income.*** Seven per cent of the Citizens' Panel who agreed mentioned this as a reason for their support. None of the general public consultation respondents gave this reason.
- ***'Services: Seem to be coping with the cuts / Assume council confident services will be maintained'*** Five per cent of the Citizens' Panel gave this as a reason for their support. 25 per cent (4 out of 12) of the general public consultation also gave this reason.
- ***'Services: Social Care / Adult Care/ services for the vulnerable need an increase in funding'*** *Five per cent of the* Citizens' Panel cited this as a reason for why they agreed with the proposal not to increase general Council Tax. As before none of the general public consultation respondents gave this reason.
- ***'Council workers are inefficient / waste money / Council needs to manage itself better/ Can make more savings on overheads'*** *Four per cent of the* Citizens' Panel cited this as a reason for why they supported the proposal not to increase general Council Tax. Again none of the general public consultation respondents gave this reason.

Reasons given by those who did not agree with the proposal not to increase general Council Tax in 2016/17

5.7.29 Of those who indicated they agreed with the proposal 36 per cent of Citizens' Panel and 24 per cent (3 out of 17 respondents) of the general public respondents did not give a reason for their response. Of the respondents who did give a reason, the top five most frequently cited reasons were:

- ***'Services: Services generally need increase in funding.*** 27 per cent of Citizens' Panel respondents who disagreed cited this as a reason for why they did not support the proposal not to increase general Council Tax. 4 out of 17 of the general public consultation respondents gave this reason.

- ***'Services: Social Care / Adult Care/ services for the vulnerable need an increase in funding' 7*** per cent of the Citizens' Panel mentioned this as a reason why they disagreed. 1 out of 17 of the general public consultation also gave this reason.
- ***'Services: If not increased concern that level of services would decrease/ Services should be protected/ An increase is necessary Services' 7*** per cent of the Citizens' Panel gave this as a reason for why they did not support the proposal. 3 out of 17 of the general public consultation also gave this reason.
- ***'People need to understand they have to pay for services'*** 7 per cent of the Citizens' Panel cited this as a reason for why they did not support the proposal not to increase general Council Tax. 1 out of 17 of the general public consultation also gave this reason.
- ***'Services: Maintenance of roads and pavements already low'*** 6 per cent of the Citizens' Panel cited this as a reason for why they disagreed with the proposal. As before none of the general public consultation respondents gave this reason.

Residents views on increasing Council Tax by 2% in 2016/17 via a 'social care precept'

5.7.30 Respondents were asked if they think that the Council should increase Council Tax by 2% in 2016/17 via the 'social care precept'.

- 302 Citizens' Panel members and 33 from the general public answered this question.

5.7.31 Full analysis on the equality monitoring questions will be done on the Citizen Panel data in the final report.

- The results of the Citizens' Panel and the general public consultation are very similar in that nearly three fifths of each sample think the Council should increase Council Tax by 2% via the 'social care precept' next year.
- The table below shows that almost three fifths of the Citizens' Panel (56 per cent) think the Council's should increase Council Tax by 2% via the 'social care precept' A further third disagreed (33 per cent), and 11 per cent said they did not know or they were not sure.
- Similarly, nearly three fifths of those responding to the general public consultation think the council's should increase Council Tax by 2% via the 'social care precept' (55 per cent, 18 out of 33). However, a further fifth think the council's should not increase Council Tax by 2% via the 'social care precept' (45 per cent, 15 out of 33 respondents). No respondents said they were not sure or did not know.

Do you think that the council should increase Council Tax by 2% in 2016/17 via a 'social care precept'	Citizens' Panel		General Public	
	%	Number	%	Number
Yes	56%	170	55%	18
No	33%	100	45%	15
Don't know/Not sure	11%	30	0%	0

Total	100%	302	100%	33

Reasons why respondents think the council should increase Council Tax by 2% in 2016/17 via a ‘social care precept’

5.7.32 Of those who indicated they agreed with this increase in Council Tax, 44 per cent of Citizens’ Panel and 33 per cent (6 out of 18 respondents) of the general public respondents did not give a reason for their response. Of the respondents who did give a reason, the top five most frequently cited reasons were:

- ***‘Adult social care needs further funding / Care for the elderly and vulnerable needs more attention/Agree this is required’.*** 31 per cent of Citizens’ Panel respondents cited this as a reason why they think the council’s should increase Council Tax by 2 per cent via the ‘social care precept’. 4 out of 18 of the general public consultation also gave this reason.
- ***‘2% / £22 would be manageable / affordable by all/most people/*** 15 per cent of Citizens’ Panel respondents cited this as a reason for why they support an increase in Council Tax by 2% via the ‘social care precept’. 7 out of 18 of the general public consultation also gave this reason.
- ***‘The population is ageing. More resources are required for them./ Barnet has a large population of older adults*** 12 per cent of the Citizens’ Panel gave this as a reason for their support. 1 out of 18 of the general public consultation also gave this reason.
- ***‘If Council Tax is not increased concern that level of services would decrease/ Service should be protected’*** 6 per cent of the Citizens’ Panel cited this as a reason why they think the council’s should increase Council Tax by 2% via the ‘social care precept’. 1 out of 18 of the general public consultation also gave this reason.

Reasons why respondents do not think the council should increase Council Tax by 2% in 2016/17 via a ‘social care precept’

5.7.33 Of those who indicated they do not think the Council’s should not increase Council Tax by 2 per cent via the ‘social care precept’ 42 per cent of Citizens’ Panel and 27 per cent (6 out of 18 respondents) of the general public respondents did not give a reason for their response. Of the respondents who did give a reason, the top five most frequently cited reasons were:

- ***‘Barnet council tax is very high already / Enough is being charged’*** 8 per cent of Citizens’ Panel respondents cited this as a reason why they do not think the Council’s should increase Council Tax by 2% via the ‘social care precept’ 4 out of 15 of the general public consultation also gave this reason.
- ***‘Make savings in other department areas to help this one’*** 5 per cent of Citizens’ Panel respondents cited this as a reason why they do not support an increase in Council Tax by 2% via the ‘social care precept’. None of the general public consultation respondents gave this reason.
- ***‘Families should be more responsible and look after their elderly family members’*** 5 per cent of the Citizens’ Panel gave this as a reason why they do not want a 2 per cent ‘social care’ Council Tax increase. None of the general public consultation respondents gave this reason.

- ***'Earnings/ Incomes have not increased in reality / Many people struggle already'*** 4 per cent of the Citizens' Panel cited this as a reason why they do not think the Council's should increase Council Tax by 2% via the 'social care precept'. 3 out of 15 of the general public consultation also gave this reason.
- ***'Suspicion/doubt that this additional taxation would be properly targeted towards the elderly'*** 4 per cent of the Citizens' Panel cited this as a reason as a reason why they do not want a 2 per cent 'social care' Council Tax increase. None of the general public consultation respondents gave this reason.

Service Specific Budget Consultations 2016/17

5.7.34 In terms of service specific consultations the Council has a duty to consult with service users where there are proposals to vary, reduce or withdraw services. Where appropriate separate service specific consultations have already taken place for the 2016/17 savings, and the outcome of these consultations have been reported into committee decision making process. However, there are two further service specific consultations which are currently being consulted on:

- Recycling and Waste Strategy – 18 January – 13 March 2016
- Parks and Open Spaces Strategy –18 January – March 2016

5.7.35 A further consultation on the Playing Pitch Strategy will take place in May 2016.

5.8 Insight

5.8.1 The Adults and Safeguarding and Children's, Education, Libraries and Safeguarding proposals have been developed using the Joint Strategic Needs Assessment (JSNA) which outlines the current and projected needs of the borough's population.

5.8.2 All the proposals have used evidence of best practice and guidance (such as NICE guidance), where available and relevant, to develop their initiatives.

6 BACKGROUND PAPERS

Item	Decision	Link
Policy and Resources Committee 16 December 2015	Decision item 7 – Business Planning	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8349&Ver=4
Assets, Regeneration and Growth Committee 30 November 2015	Decision Item 15 – Business Planning	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=8311&Ver=4
Children's Education, Libraries and Safeguarding Committee 18 November 2015	Decision Item 8 – Annual Business Planning	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=697&MId=8259&Ver=4
Adults & Safeguarding	Decision Item 7 – Business Planning	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=698&

Committee 12 November 2015	2016/17	MId=8362&Ver=4
Environment Committee 10 November 2015	Decision Item 7 – Business Planning	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=695&MId=8334&Ver=4
Housing Committee 19 October 2015	Decision Item 11 – Housing Revenue Account (HRA) Business Plan	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=699&MId=8268&Ver=4
Policy and Resources Committee 9 July 2015	Decision Item 10 - Business Planning – 2015/16-2019/20	http://barnet.moderngov.co.uk/documents/s24390/Finance%20and%20Business%20Planning%20Medium%20Term%20Financial%20Strategy%20201617%20to%20201920.pdf

APPENDIX A - Medium Term Financial Strategy	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Budget brought forward	**282,927**	**282,518**	**269,924**	**259,880**
Statutory/cost drivers				
Inflation (pay)	1,097	1,108	1,119	1,130
Inflation (non-pay)	3,309	3,376	3,443	3,512
North London Waste Authority (NLWA) levy	1,366	937	758	1,035
Capital financing costs	0	1,000	1,000	2,500
Public Health	4,209	(927)	(881)	(837)
Statutory/cost drivers sub-total	**9,981**	**5,494**	**5,439**	**7,340**
Contingency - general risks	(2,380)	(238)	703	3,843
Homelessness	500			
Social Care Precept	2,571			
Concessionary Fares	227	255	292	346
Central Expenses sub-total	**918**	**17**	**995**	**4,189**
Balances to/(from) reserves				
Specific reserves contribution 2015/16 NHB	(7,416)			
Specific reserves contribution 2016/17 NHB	10,735	(10,735)		
Specific reserves contribution 2017/18 NHB		10,548	(10,548)	
Specific reserves contribution 2018/19 NHB			9,897	(9,897)
Specific reserves contribution 2019/20 NHB				7,583
Transfer from reserves	955			
Reserves sub-total	**4,274**	**(187)**	**(651)**	**(2,314)**
Total expenditure	**298,100**	**287,841**	**275,707**	**269,094**
New Formula grant funding				
Business Rates	35,484	36,182	37,250	38,440
Business Rates- Top up	18,265	18,624	19,173	19,786
Revenue Support Grant (RSG)	36,849	23,413	14,865	6,182
New Formula grant sub-total	**90,598**	**78,219**	**71,288**	**64,408**
Council Tax				
Council Tax (CT)	146,884	149,566	152,501	155,918
Social Care precept	2,571	2,571	2,571	2,571
Collection Fund contribution (CT)	3,636	2,000		
CT freeze grant 15-16	0			
Core grants				
Private Finance Initiative (PFI) credit	2,235	2,235	2,235	2,235
Education Servcies Grant	3,521	3,169	2,852	2,567
NHB	12,307	12,548	9,897	7,583
Housing and CT Benefit Administration Grant	2,223	2,001	1,801	1,621
Public Health	18,543	17,616	16,735	15,898
Other funding sub-total	**191,920**	**191,705**	**188,592**	**188,393**
Total Income from grant and Council Tax	**282,518**	**269,924**	**259,880**	**252,801**
Proposed Pressures	**3,972**	**3,953**	**3,616**	**3,936**
Budget Gap before savings & pressures	**15,582**	**17,918**	**15,827**	**16,294**
Proposed Savings	**(19,554)**	**(21,871)**	**(19,443)**	**(15,230)**
Budget Gap after savings	**0**	**(0)**	**0**	**5,000**

This page is intentionally left blank

Appendix B1: Revenue Budget 2016/17			
	2015/2016		**2016/2017**
	Original Estimate	**Current Estimate**	**Original Estimate**
Council Services	**£**	**£**	**£**
Adults and Communities	81,816,126	86,378,114	85,566,270
Assurance	4,110,443	4,198,773	3,792,773
Births Deaths & Marriages	(160,530)	(159,890)	(159,890)
Central Expenses	72,619,227	51,277,047	51,381,147
Children's Education & Skills	6,152,047	7,263,013	7,068,213
Children's Family Services	47,717,064	48,476,193	46,480,663
Commissioning	9,805,873	20,248,990	19,158,990
Customer Support Group	20,821,765	22,119,555	22,119,555
HB LAW	1,752,397	2,011,397	2,011,397
Housing Needs Resources	3,953,609	4,975,749	4,975,749
Parking & Infrastructure	6,219,169	6,319,479	6,119,479
Public Health	14,335,000	15,835,000	18,544,000
Regional Enterprise	730,197	1,133,957	1,133,957
Streetscene	14,013,753	15,010,433	13,895,663
Special Parking Account	(7,420,775)	(7,122,445)	(8,052,445)
Additional Income from Council Tax			(2,253,000)
Total Service Expenditure	**276,465,365**	**277,965,365**	**271,782,521**

REVENUE BUDGET 2016/17

BUDGET	2015/2016 Original	2015/2016 Current	2016/2017 Original
	£	£	**£**
Total Service Expenditure	**276,465,365**	**277,965,365**	**271,782,521**
Contribution to / (from) Specific Reserves	6,461,288	6,461,288	10,735,156
NET EXPENDITURE	**282,926,653**	**284,426,653**	**282,517,677**
Other Grants	(32,038,000)	(33,538,000)	(38,829,000)
BUDGET REQUIREMENT	**250,888,653**	**250,888,653**	**243,688,677**
Business Rates Retention	(35,191,000)	(35,191,000)	(35,484,000)
Business rates top-up	(18,114,000)	(18,114,000)	(18,265,000)
BUSINESS RATES INCOME	**(53,305,000)**	**(53,305,000)**	**(53,749,000)**
RSG	(50,444,000)	(50,444,000)	(36,849,000)
Collection Fund Adjustments	(1,500,000)	(1,500,000)	(3,636,000)
Additional income from Council Tax			2,253,000
BARNET'S ELEMENT OF COUNCIL TAX REQUIREMENT	**145,639,653**	**145,639,653**	**151,707,677**
Greater London Authority - Precept	38,984,545	38,984,545	37,349,424
COUNCIL TAX REQUIREMENT	**184,624,198**	**184,624,198**	**189,057,101**

Components of the Council Tax (Band D)	2015/2016	2016/17	Increase
	£	£	
Mayors Office for Policing and Crime	211.19	192.19	(9.00%)
London Fire & Emergency Planning Authority	48.55	48.55	0.00%
Mayor, Adminstration, Transport for London, Olympic Games and Boroughs' Collection Fund balances.	35.25	35.25	0.00%
Greater London Authority	**295.00**	**276.00**	**(6.44%)**
London Borough of Barnet	**1,102.07**	**1,121.07**	**1.72%**
Total	**1,397.07**	**1,397.07**	**(0.00%)**

REVENUE BUDGET 2016/17

COUNCIL TAX SUMMARY

Council Tax Bands (based on property values @ 1 April 1991)		2015/16	2016/17	Tax Yield
		£	**£**	£
[Up to £40,000]	Band A	**931.38**	**931.38**	1,835,741
[Over £40,000 & up to £52,000]	Band B	**1,086.61**	**1,086.61**	6,215,301
[Over £52,000 & up to £68,000]	Band C	**1,241.84**	**1,241.84**	24,093,621
[Over £68,000 & up to £88,000]	Band D	**1,397.07**	**1,397.07**	36,330,591
[Over £88,000 & up to £120,000]	Band E	**1,707.53**	**1,707.53**	42,666,872
[Over £120,000 & up to £160,000]	Band F	**2,017.99**	**2,017.99**	33,946,285
[Over £160,000 & up to £320,000]	Band G	**2,328.45**	**2,328.45**	33,320,306
[Over £320,000]	Band H	**2,794.14**	**2,794.14**	10,648,384
				189,057,101

COUNCIL TAXBASE

Council Taxbase	2015/2016 Band D Equivalents	2016/2017 Band D Equivalents	Income
Total properties (per Valuation List)	166,725	168,206	234,995,558
Exemptions	(2,648)	(2,454)	(3,428,410)
Disabled reductions	(115)	(112)	(156,472)
Discounts (10%, 25% & 50%)	(31,571)	(28,938)	(40,428,412)
Adjustments	1,677	605	845,227
Aggregate Relevant Amounts	134,068	137,307	191,827,491
Non-Collection (1.5% both years)	(1,998)	(2,060)	(2,877,964)
Contributions in lieu from MoD	81	77	107,574
	132,151	135,324	189,057,101

Budget Summary and Forward Plan

Adults & Communities	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Base Budget	81,816,126	85,566,270	82,081,470	79,640,670
Virements	4,561,988			
	86,378,114	**85,566,270**	**82,081,470**	**79,640,670**
Efficiencies				
Budget proposals for 2016-20 include efficiency savings on third party contracts by approximately 2% per annum. The bulk of the adult social care budget (75%) is spent on external contracts for care services with external providers. Of this, the majority is spent on individual support plans for people with eligible social care need which is being addressed through other savings lines below. The remainder of contracts, i.e those not spent on people with eligible needs, £5.5m in total and are being considered under this saving. Proposals are being developed in relation to individual contracts and the changes include commissioning different models of service delivery, terminating contacts, improved contract management and negotiation of better rates for 15/16 contracts.	(400,000)	(431,500)	(395,500)	(280,500)
Last year's budget proposals for 2016-20 included workforce savings spread equally over four years. These have now been brought forward to deliver an earlier saving. An element of the saving can be mitigated through improved productivity and efficiency, in particular through the implementation of an improved case management IT system and changes to the assessment process. The proposals will include reviewing management roles, skills mix (i.e. reducing qualified social workers and having more unqualified social workers) and back office efficiencies.	(1,088,000)	(400,000)		(213,000)
	(1,488,000)	**(831,500)**	**(395,500)**	**(493,500)**

Adults & Communities	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Service Reductions				
	0	**0**	**0**	**0**
Service Redesign				
Integrated Care for frail elderly/over 50 years with long-term conditions The proposal to develop a 5 tier model to support the development of an integrated health and social care system for older frail people was agreed at the Health and Wellbeing Board in March 2014 and has formed the key element of the Council and CCG's national Better Care Fund plan. Saving is modelled on the impact of reducing demand on acute and residential care by working to reduce unplanned care.		(192,500)	(150,000)	(175,000)
Increased use of assistive technology (e.g. sensors, alarms, monitoring systems) both in individuals homes and in residential and nursing care providers, is expected to lead to a reduction in care package costs (e.g. reduction in requirement for waking/sleeping nights). This could be delivered through partnering with a telecare provider to provide large scale telecare services.		(500,000)	(500,000)	
Following full implementation of the new mental health social work model to provide better services for users, the intention is to deliver further savings to high cost placements, workforce reconfiguration and longer term demand management for latter half of 4 year MTFS. The Saving is modelled on projections for demand of mental health care, the intended impact of demand management and reduction in crisis care admissions to hospital.			(250,000)	(250,000)
	0	**(692,500)**	**(900,000)**	**(425,000)**

Adults & Communities	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Reducing Demand, Promoting Independence				
Continuation and further development of work to deliver savings through supporting older people in alternative ways, such as care in the community, instead of high cost care packages and residential placements. This will be applied to existing and new service users and will lead to increased use of universal services, enablement, telecare, equipment and direct payments which cost less than traditional home care and residential care. Eligible needs will therefore be met by a lower personal budget. The savings will be delivered by social workers incorporating elements in care and support plans which cost less than traditional care or that do not require Council funding. This might include support from volunteers, local clubs or local libraries, for example.	(350,000)	(350,000)	(350,000)	
Implement a 0-25 disabilities service that better brings together health, care and education to ensure that growth is enabled for young people with disabilities. This should reduce the cost to adult social care arising from lower care package costs for those transitioning at the age of 18 over this period than has been the case for past transitions cases. Thorough review of all young people currently placed in residential care and activity is underway to enable young people to move into more independent accommodation options, improving outcomes and reducing cost to the Adult Social Care Budget. Savings from the new ways of working, designed to increase service user independence, are also expected.	(300,000)			
Increasing choice in retirement and for younger disabled adults - investment in an increased advice and support service promoting adaptions and moving to a more suitable home. Savings are based on incremental impact of adaptation/move avoiding costs of enablement, increased homecare and residential care admission for c.20 adults.	(100,000)	(90,000)	(85,000)	(85,000)

Adults & Communities	**2016/17 £**	**2017/18 £**	**2018/19 £**	**2019/20 £**
Develop methods of increasing numbers of personal assistants in Barnet, as an alternative to home care agencies. Service users directly employ the personal assistant and therefore are able to personalise and control their care and support to a very high level. Savings are based on lower unit costs than home care agencies but assume all PAs are paid the LLW.Saving is modelled on 78,000 hours of home care being provided by PAs instead of home care agencies.	(60,000)	(200,000)		
Review support packages and develop support plans to meet needs at a lower cost. This is likely to include the following:- Increase the supply and take-up of supported living and independent housing opportunities - Supporting transitions to the above for people currently in residential care- Ensure that the review and support planning process is more creative and cost effective- Ensure that this considers how technology can enable people with disabilities to live more independently.	(700,000)	(450,000)	(350,000)	(200,000)
Work has taken place to identify and review service users in placements who are suitable to step down from residential to supported living. Eligible needs will still be met. These savings are based on an audit of mental health service users currently in high cost residential placements who have been identified as suitable for more independent living (20 users).		(500,000)		
Remove the Council subsidy for the home meals service on expiry of the current contract and put in place alternative arrangements which actively enable service users to self arrange meals provision which meets individual and cultural needs in a safe way.	(280,000)			

Adults & Communities	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Use of existing wheelchair accessible housing stock of 21 units to enable people currently in high cost residential, nursing or supported living placements to become more independent ('step down'), through improved working between adult social care and Barnet Homes. The saving is also modelled on a small number of new build wheelchair housing units funded from HRA headroom. The saving is expected from a reduction in the cost of care package following review, preparation and transfer of individuals to more suitable placements, based on an average saving of £25K per year for high cost residential placements, and £10K per year for lower cost placements. Wheelchair accessible housing will be best suited to individuals with physical disabilities, or multiple disabilities and these are the primary cohort. Saving is modelled on people placed, saving the difference between care in one's own home and high cost residential placements.	(83,000)	(69,500)	(48,500)	(55,000)
Encourage use of Older people home share schemes (where older people make space in their properties available at no/reduced rent to younger people/ students in return for support with domestic tasks such as cooking, cleaning, shopping etc). This will reduce reliance and requirement for home care and the cost of some care packages and is expected to have a positive impact on loneliness. Saving is based on a reducing the uptake of homecare hours for older people and stepping some users down. The saving will be £2k per year for each additional homesharing arrangement (120 homes). Saving will be delivered if home share scheme is targeted at those who would otherwise have those needs met by the Council. However, home share will also be developed as a preventative service in addition.	(22,000)			

Adults & Communities	2016/17 £	2017/18 £	2018/19 £	2019/20 £
An intensive evidence-based model of support for Barnet carers of people with dementia, in order to increase carer sustainability, delay residential care and manage adult social care demand. The saving is modelled on 10 couples and was developed and consulted on as part of the priorities and spending review process in 2013/14 and the adults and safeguarding commissioning plan. The programme to deliver support to sustain carers of people with dementia to stay in their own homes will be developed internally.		(160,000)	(160,000)	(180,000)
Support to help people remain caring and in work by increasing support to carers and employers in the borough enabling carers to remain in work and caring by achieving a 0.5% retention rate (c.14 carers). Savings are from cost avoidance of increased homecare support. This is a continuation of previous carers offer savings.		(141,300)	(151,800)	
	(1,895,000)	**(1,960,800)**	**(1,145,300)**	**(520,000)**
Income				
	0	**0**	**0**	**0**
Pressures				
Adults social care pressures (Precept)	2,571,156			
	2,571,156	**0**	**0**	**0**
Budget	**85,566,270**	**82,081,470**	**79,640,670**	**78,202,170**

Adults and Communities

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Care Quality	1,061,943	1,074,603	1,074,603
Customer Care	748,382	348,725	234,275
Integrated care - LD & MH	38,533,652	40,527,390	40,587,214
Integrated care - OP & DP	35,610,181	35,665,124	35,609,356
Safeguarding	731,111	733,091	603,751
Social Care Management	595,910	411,845	411,845
Adults Social Care	**77,281,179**	**78,760,778**	**78,521,044**
Community Well-being	(1,063,790)	391,460	549,070
Customer Finance	785,999	827,189	719,079
Performance & Improvement	1,024,365	767,135	575,755
Prevention & Well Being	3,603,173	5,445,112	5,014,882
Community Well-being	**4,349,747**	**7,430,896**	**6,858,786**
Dir Adult Soc Serv & Health	185,200	186,440	186,440
Dir Adult Soc Serv & Health	**185,200**	**186,440**	**186,440**
Adults and Communities	**81,816,126**	**86,378,114**	**85,566,270**

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Employee Related	12,708,555	14,807,949	13,723,719
Premises Related	20,755	33,228	33,228
Secondary Recharges	0	25,623	25,623
Supplies/Services	6,844,892	10,133,691	9,733,691
Third Party Payments	75,764,082	73,795,341	74,284,417
Transfer Payments	6,862,732	14,372,999	14,372,999
Transport Related	1,228,197	1,279,389	1,279,389
Expenditure	**103,429,213**	**114,448,220**	**113,453,066**
Customer & Client Receipts	(12,213,347)	(11,056,075)	(10,872,765)
Government Grants	0	(2,199,643)	(2,199,643)
Other Grants, Reimbursements &	(9,399,740)	(14,814,388)	(14,814,388)
Income	**(21,613,087)**	**(28,070,106)**	**(27,886,796)**
Adults and Communities	**81,816,126**	**86,378,114**	**85,566,270**

Budget Summary and Forward Plan

Assurance	**2016/17 £**	**2017/18 £**	**2018/19 £**	**2019/20 £**
Base Budget	4,110,443	3,792,773	3,712,773	3,712,773
Virements	38,330			
	4,148,773	**3,792,773**	**3,712,773**	**3,712,773**
Efficiencies				
Budget proposals for 2016-20 include efficiency savings of approximately 2% per annum on third party contracts. This saving comes from Commissioning Group and Assurance contract spending, which include communications and engagement contracts, internal audit and insurance. The overall budget includes provision for price increases of 2.5% per annum, so this saving could be made either from keeping the costs of contracts stable, or through improved contract management and negotiation of better rates.	(16,000)			
Budget proposals for 2016-20 include workforce efficiency savings of approximately 10% of the relevant staff budgets. As Government funding for council services continues to reduce, delivery units will need to review their workforce budgets to ensure that they can make the required savings. At this stage, it is expected that the 10% saving can be made without impacting on service delivery, but this assumption will need to be tested in the years to 2020. Corporate initiatives such as the review of terms and conditions and the unified pay project will support delivery units to achieve this saving. Delivery units will also need to review performance management, use of agency staff, management layers and productivity to ensure that this saving can be achieved.	(200,000)			

Assurance	2016/17 £	2017/18 £	2018/19 £	2019/20 £
The bulk of this saving has already been achieved through a revised Scheme of Members Allowances that was agreed by Council on 15 July 2014. The new scheme of Allowances- reflecting the replacement of Cabinet and Scrutiny with eight theme committees- produced a saving of £90,358. In addition, a further £29,541 was saved as no Member may receive more than one Special Responsibility Allowance and some of the SRA paying posts were held by members already in receipt of an SRA. There are underspends in the budget that will fund the remaining savings of £100k.	(140,000)	(80,000)		
	(356,000)	**(80,000)**	**0**	**0**
<u>Service Reductions</u>				
	0	**0**	**0**	**0**
<u>Service Redesign</u>				
	0	**0**	**0**	**0**
<u>Reducing Demand, Promoting Independence</u>				
	0	**0**	**0**	**0**
<u>Income</u>				
	0	**0**	**0**	**0**
<u>Pressures</u>				
	0	**0**	**0**	**0**
Budget	**3,792,773**	**3,712,773**	**3,712,773**	**3,712,773**

Assurance

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Assurance Management	526,790	564,745	565,008
Assurance Management	**526,790**	**564,745**	**565,008**
Elections	423,055	391,880	348,195
Elections	**423,055**	**391,880**	**348,195**
Governance	2,310,780	2,375,490	2,143,500
Governance	**2,310,780**	**2,375,490**	**2,143,500**
Internal Audit & CAFT	849,818	866,658	736,070
Internal Audit & CAFT	**849,818**	**866,658**	**736,070**
Assurance	**4,110,443**	**4,198,773**	**3,792,773**

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Employee Related	3,748,746	3,749,736	3,488,303
Premises Related	9,200	0	520
Secondary Recharges	(10,680)	(4,660)	120,607
Supplies/Services	437,477	527,997	391,890
Third Party Payments	250	250	0
Transport Related	34,610	34,610	28,230
Expenditure	**4,219,603**	**4,307,933**	**4,029,550**
Customer & Client Receipts	(109,160)	(109,160)	(59,530)
Other Grants, Reimbursements & Contributions	0	0	(177,247)
Income	**(109,160)**	**(109,160)**	**(236,777)**
Assurance	**4,110,443**	**4,198,773**	**3,792,773**

Budget Summary and Forward Plan				
Births, Deaths & Marriages	**2016/17 £**	**2017/18 £**	**2018/19 £**	**2019/20 £**
Base Budget	(160,530)	(159,890)	(159,890)	(159,890)
Virements	640			
	(159,890)	**(159,890)**	**(159,890)**	**(159,890)**
Efficiencies				
	0	**0**	**0**	**0**
Service Reductions				
	0	**0**	**0**	**0**
Service Redesign				
	0	**0**	**0**	**0**
Reducing Demand, Promoting Independence				
	0	**0**	**0**	**0**
Income				
	0	**0**	**0**	**0**
Pressures				
	0	**0**	**0**	**0**
Budget	**(159,890)**	**(159,890)**	**(159,890)**	**(159,890)**

Births, Deaths and Marriages

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Births Deaths & Marriages	(160,530)	(159,890)	(159,890)
Births Deaths & Marriages	**(160,530)**	**(159,890)**	**(159,890)**
Births Deaths & Marriages	**(160,530)**	**(159,890)**	**(159,890)**

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Employee Related	275,120	274,950	274,950
Premises Related	36,550	36,520	36,520
Secondary Recharges	0	840	840
Supplies/Services	28,190	28,190	28,190
Transport Related	1,000	1,000	1,000
Expenditure	**340,860**	**341,500**	**341,500**
Customer & Client Receipts	(501,390)	(501,390)	(501,390)
Income	**(501,390)**	**(501,390)**	**(501,390)**
Births Deaths & Marriages	**(160,530)**	**(159,890)**	**(159,890)**

Budget Summary and Forward Plan

Central Expenses	**2016/17 £**	**2017/18 £**	**2018/19 £**	**2019/20 £**
Base Budget	72,619,227	51,381,147	57,820,599	66,493,562
Virements	(20,968,080)			
	51,651,147	**51,381,147**	**57,820,599**	**66,493,562**
Efficiencies				
The Council is required to budget each year for costs associated with repaying the principle on borrowing costs. This is known as "minimum revenue provision", and is prescribed as part of CIPFA accounting guidance. A review has been undertaken of the Council's MRP calculation, and it concludes that the annual charge is £1m more prudent than is necessary. This dates back to the original calculation made when the current capital financing regime came into place in 2004. This approach has been agreed with the Council's external auditors and is still considered to be a prudent approach.	(1,000,000)			
Barnet Council revised its redundancy terms and conditions back in 2011 which led to a reduction in individual redundancy payments. This approach was consistent with many other councils at the time. This, along with a lower level of redundancies per annum (partly arising from the outsourcing of services to CSG and Re) means that the annual budget that the Council sets aside for redundancy can be reduced by £1.875m per annum.	(1,850,000)			

Central Expenses	2016/17 £	2017/18 £	2018/19 £	2019/20 £
The Council sets aside a budget each year to fund future borrowing costs for additional capital expenditure. This budget is approximately 4.5% of additional capital costs. Over recent years, the Council has not borrowed to fund additional capital expenditure and used cash balances instead. In addition, the interest rate on loans is currently less than 4%, leading to an annual saving. If future borrowing costs remain below 4%, then a saving of £5m over the period to 2020 is achievable. If interest rates increase, then the Council will be able to generate additional interest income on deposits, so this saving would also be achievable.	(2,500,000)	(2,500,000)	(1,500,000)	(500,000)
Reduction in Audit fees budget to reflect changes in current costs	(135,000)			
Insurance reduction as part of re-procurement in October 2015	(25,000)			
Reduction in spending on annual subscriptions and membership fees to organisations which the Council is currently a member of. A review of spending on annual subscriptions and membership fees is to take place in 2015. This will include recommendations on where to make savings.	(400,000)			
	(5,910,000)	**(2,500,000)**	**(1,500,000)**	**(500,000)**
Service Reductions				
	0	**0**	**0**	**0**
Service Redesign				
	0	**0**	**0**	**0**
Reducing Demand, Promoting Independence				
Reduction in grants budget for London Councils Grants Scheme	(59,000)	(59,000)		
	(59,000)	**(59,000)**	**0**	**0**

Central Expenses	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Income				
Increasing Council Tax Support payments to 20%	(1,026,000)	(456,000)		
	(1,026,000)	**(456,000)**	**0**	**0**
Pressures				
General Provision for inflation	4,406,000	4,484,000	4,562,000	4642000
Reduction / increase in Contingency budget for risks in service areas	(1,880,000)	(238,000)	703,000	3843000
Capital Financing		1,000,000	1,000,000	2500000
Increase in Concessionary Fares	227,000	255,000	292,000	346000
Demographics pressures due to general trends and price as well as transitions of children joining adult service areas	2,083,000	2,340,000	2,158,000	2,330,000
Due to increases in complex cases the demand for services is increasing. Social Care placement costs are being driven by an increase in external	950,000	600,000	400,000	200,000
Demographic pressures on 0 to 17 age group based on current placement costs and trends	939,000	1,013,452	907,964	1,195,912
Major developments in the western part of the borough mean higher waste support needs			150,000	210,000
	6,725,000	**9,454,452**	**10,172,964**	**15,266,912**
Budget	**51,381,147**	**57,820,599**	**66,493,562**	**81,260,474**

Central Expenses

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Capital Financing	22,815,670	22,759,670	19,259,670
Car Leasing	2,210	2,210	2,210
Central Contingency	12,412,386	2,430,406	7,876,506
Corporate Fees & Charges	398,940	398,940	263,940
Corporate Subscriptions	314,220	314,220	314,220
Early Retirement	5,427,321	5,427,321	3,577,321
Levies	30,717,050	19,074,250	19,242,250
Local Area Agreement	105,000	105,000	105,000
Miscellaneous Finance	426,430	765,030	740,030
Central Expenses	**72,619,227**	**51,277,047**	**51,381,147**
Central Expenses	**72,619,227**	**51,277,047**	**51,381,147**

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Capital Financing	36,437,296	26,455,316	28,401,416
Employee Related	4,163,281	4,721,491	2,871,491
Premises Related	829,490	740,400	740,400
Secondary Recharges	0	(191,230)	(191,230)
Supplies/Services	1,398,100	1,025,420	890,420
Third Party Payments	31,332,880	20,067,470	20,210,470
Transfer Payments	1,180	1,180	1,180
Transport Related	2,210	2,210	2,210
Expenditure	**74,164,437**	**52,822,257**	**52,926,357**
Customer & Client Receipts	176,040	176,040	176,040
Interest	(1,703,120)	(1,703,120)	(1,703,120)
Other Grants, Reimbursements &	(18,130)	(18,130)	(18,130)
Income	**(1,545,210)**	**(1,545,210)**	**(1,545,210)**
Central Expenses	**72,619,227**	**51,277,047**	**51,381,147**

Central Expenses (Levies)

Levies	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016-17
	£	£	£
Other Establishments - Third part Payments			
Environment Agency	320,730	320,730	320,730
Lea Valley Regional Park	428,350	428,350	428,350
London Pension Funds	707,000	707,000	707,000
Traffic Control Signals Unit	519,400	519,400	519,400
Concessionary Fares	15,918,280	15,918,280	16,145,280
	17,893,760	**17,893,760**	**18,120,760**
Joint Authorities - Third Party Payments			
North London Waste Authority	11,642,800	11,642,800	0
Coroners Court	284,000	284,000	284,000
	11,926,800	**11,926,800**	**284,000**
Other Local Authorities - Third Party			
London Boroughs Grants	896,490	896,490	837,490
Total Levies	**30,717,050**	**30,717,050**	**19,242,250**

Budget Summary and Forward Plan

Children's Education & Skills	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Base Budget	6,152,047	7,068,213	6,908,213	6,653,213
Virements	1,001,166			
	7,153,213	**7,068,213**	**6,908,213**	**6,653,213**
Efficiencies				
	0	**0**	**0**	**0**
Service Reductions				
Create an alternative way to deliver the Education and Skills service that currently provides school improvement support, school admissions, support for children with special educational needs, post-16 support and school catering. By developing a new service delivery model in partnership with schools, there is an opportunity to grow and develop services rather than reduce them.	(85,000)	(160,000)	(255,000)	(350,000)
	(85,000)	**(160,000)**	**(255,000)**	**(350,000)**
Service Redesign				
	0	**0**	**0**	**0**
Reducing Demand, Promoting Independence				
	0	**0**	**0**	**0**

Children's Education & Skills	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Income				
Through the development of a proposed new Delivery model for Education and Skills services in Barnet there will be a contractual requirement for a gainshare of profits from the trading of services externally. The council's share of any surplus that is available through Gainshare will be allocated as savings achieved as a result of the growth in services. This is over and above the agreed contractual savings.				(300,000)
	0	**0**	**0**	**(300,000)**
Pressures				
	0	**0**	**0**	**0**
Budget	**7,068,213**	**6,908,213**	**6,653,213**	**6,003,213**

Children's Education and Skills

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Education & Skills Management	(499,986)	(529,556)	6,939,683
ES Deactivated Codes	320,020	0	0
Education Management Team	**(179,966)**	**(529,556)**	**6,939,683**
14-19 Learning Partnership	353,740	305,690	0
Catering	(190,470)	(131,970)	0
Education Partner & Comm Mgt	481,259	621,339	0
Education Psychology	452,580	591,570	0
Placement & Transport Mgt	3,867,064	4,426,510	0
School Monitoring Management	813,380	817,192	128,530
School Traded Services	5,530	16,780	0
SEN Monitoring & Review	574,330	1,164,548	0
Traded services	(25,400)	(19,090)	0
Inclusion & Skills	**6,332,013**	**7,792,569**	**128,530**
Children's Education & Skills	**6,152,047**	**7,263,013**	**7,068,213**

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Capital Financing	(112,486)	(225,575)	0
Employee Related	8,581,467	10,635,105	64,610
Premises Related	81,750	144,540	0
Secondary Recharges	303,190	316,980	0
Supplies/Services	4,225,887	5,259,861	16,258,686
Third Party Payments	648,670	754,370	80,550
Transfer Payments	0	11,150	0
Transport Related	2,415,849	2,986,729	0
Expenditure	**16,144,327**	**19,883,160**	**16,403,846**
Customer & Client Receipts	(9,523,830)	(11,796,860)	(9,059,903)
Government Grants	(107,090)	(525,207)	(107,090)
Other Grants, Reimbursements & Contributions	(361,360)	(298,080)	(168,640)
Income	**(9,992,280)**	**(12,620,147)**	**(9,335,633)**
Children's Education & Skills	**6,152,047**	**7,263,013**	**7,068,213**

Children's Service DSG

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
DSG Deactivated Codes	230,166	16,756	10,780
Edu Partnership&Commercial DSG	282,490	282,490	282,490
School Improvement DSG	733,171	730,510	731,950
Schools Funding	0	(475,000)	0
SEND & Inclusion DSG	(7,290,407)	(7,030,113)	(7,647,700)
Education (DSG)	**(6,044,580)**	**(6,475,357)**	**(6,622,480)**
Early Years DSG	5,269,850	5,700,627	5,847,750
Family Support DSG	336,040	336,040	336,040
Intake and Assessment DSG	285,540	285,540	285,540
Perm,Transit & Corp Parent DSG	153,150	153,150	153,150
Family Services DSG	**6,044,580**	**6,475,357**	**6,622,480**
Children's Service DSG	**0**	**0**	**0**

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Capital Financing	0	0	(1,802,500)
Employee Related	3,772,533	4,012,512	3,801,250
Premises Related	2,630	2,630	2,630
Secondary Recharges	200	2,108	0
Supplies/Services	8,608,909	1,082,900	5,707,260
Third Party Payments	25,674,544	26,203,294	29,069,210
Transfer Payments	174,612,454	179,330,710	178,755,800
Transport Related	457,320	461,633	456,780
Expenditure	**213,128,590**	**211,095,787**	**215,990,430**
Customer & Client Receipts	(33,000)	(83,000)	(83,000)
Government Grants	(213,095,590)	(211,012,787)	(215,907,430)
Income	**(213,128,590)**	**(211,095,787)**	**(215,990,430)**
Children's Service DSG	**0**	**0**	**0**

Budget Summary and Forward Plan

Children's Family Service	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Base Budget	47,717,064	46,480,663	42,578,663	40,237,663
Virements	749,599			
	48,466,663	**46,480,663**	**42,578,663**	**40,237,663**
<u>Efficiencies</u>				
Budget proposals for 2016-20 include efficiency savings on third party contracts. The overall budget has extra built in to allow for increases in the prices charged by suppliers. This savings would be achieved by improving contract management and negotiating better rates across a range of services.	(381,000)	(135,000)	(134,000)	(188,000)
Proposal to save money by commissioning different models of service delivery and ceasing contracts, improved contract management and negotiating better rates. The contracts include Independent Reviewing Officers, early intervention commissioned services and recently concluded procurements.	(285,000)			
Proposal to reduce spending on work related travel and on agency staff. This includes a small reconfiguration of some back office functions. The recruitment and retention approach being implemented in Family Services will support the reduction in agency spend; there are opportunities to save money on travel through purchasing arrangements and better planning of required travel. The savings are in the context of significant reductions in the workforce in the past year.		(180,000)	(231,000)	(146,000)
	(666,000)	**(315,000)**	**(365,000)**	**(334,000)**

Children's Family Service	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Shared Service Models				
The Council will look at emerging best practice across the country to ensure the highest quality of purposeful social work and wider children's service, with a focus on targeted early intervention and prevention. Professionally lead by children's workers, the approach may include established practice models such as a not for profit charitable trust or a Community Interest Company. Early evidence suggests that these models, by focussing on effective practice, have achieved greater productivity and delivered efficiencies. The integration of the delivery of services with other local London Boroughs will also be considered.				(800,000)
Government is proposing for all adoption agencies to move to a regional model of provision. Savings would come from regionalisation of adoption and integrating services across London.			(150,000)	
	0	**0**	**(150,000)**	**(800,000)**
Service Redesign				
Savings through implementing an Early Years Review aimed at ensuring early years services function effectively in the face of limited resources. Use of public health grant to fund service levels above the statutory minimum (£1.5m), intervening early before needs escalate.	(550,000)	(506,000)	(535,000)	(74,000)
Proposal to reconfigure Early Years, building on the locality model and further integrating services. The integration of services will include looking at different ways of delivering some elements of the Healthy Child Programme through Children's Centres.				(850,000)
Following the implementation of the libraries review the implementation will be monitored to see if additional income over and above the present model is being delivered. If not alternative savings will need to be found				(573,000)

Children's Family Service	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Developing joined up Child and Adolescent Mental Health provision with neighbouring boroughs enabling a saving through re-commissioning the externally commissioned service.		(200,000)		
Developing an alternative approach to providing library services by maintaining the size of the libraries network and increasing opening hours through the use of technology. £546k of this is income generated for Family Services through Estates Services.	(194,000)	(1,907,000)	(25,000)	(151,000)
Proposal to remodel the Council's existing youth service, alongside the development of a youth zone, to secure economies of scale and to realise opportunities to generate income.				(800,000)
	(744,000)	**(2,613,000)**	**(560,000)**	**(2,448,000)**
Reducing Demand, Promoting Independence				
Reduce cost of placements for children in care by growing and strengthening the in-house foster care service; intervening early to prevent placement breakdown, transitioning placements from residential to foster care, and ensuring provision of high quality, competitively priced residential placements in appropriate locations. By 2019 Barnet will have one of the largest proportions of children in care placed with in-house foster carers in the country.	(131,000)	(144,000)	(149,000)	(69,000)
Additional social care demand management. This will focus on considering new models for social care practice. These approaches include a focus on preventing periods of accommodation for children and preventing escalation of needs.			(440,000)	(1,267,000)
	(131,000)	**(144,000)**	**(589,000)**	**(1,336,000)**

Children's Family Service	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Income				
Through the development of the 0-25 integrated service savings through appropriate allocation of education costs for joint placements for children under the age of 18.	(250,000)	(250,000)	(250,000)	(250,000)
At present the council funds support for Child and Adolescent Mental Health provision in Primary and Secondary schools. It is proposed to remove that investment and develop a more bespoke traded service enabling schools to access required support where necessary.		(430,000)		
It is proposed to fund children's substance misuse services with the public health grant to support joined up delivery with wider public health services.	(45,000)			
Government is, at present, consulting on a range of proposals to change the approach for people with No Recourse to Public funds. In light of these proposals there will be an opportunity to reduce spending in this area. Proposals to reduce spending on No Recourse to Public Funds will not affect any new asylum seeking families who are likely to receive support from the Government.			(227,000)	
As part of the on-going work to develop an integrated 0-25 year service, the council will ensure that all eligible children with disabilities and other limiting conditions are receiving continuing care funding from the NHS to better meet their health and care needs.	(150,000)	(150,000)	(200,000)	
	(445,000)	**(830,000)**	**(677,000)**	**(250,000)**
Pressures				
	0	**0**	**0**	**0**
Budget	**46,480,663**	**42,578,663**	**40,237,663**	**35,069,663**

Children's Family Services

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Adoption	1,173,370	1,447,010	1,447,010
Children in Care Teams	733,470	903,375	905,605
Children's Homes	1,469,520	1,492,600	1,491,970
CSC Specialist Service	308,410	138,730	138,730
Disabled Children	1,978,630	2,212,120	2,212,140
Duty and Assessment	1,682,850	1,895,460	1,897,950
Family Resources Centre	652,580	642,557	642,557
Fostering	3,336,148	3,437,935	3,437,935
Intake and Assessment	272,050	304,090	304,090
Interventation and Planning	1,937,880	3,057,480	3,060,220
Kinship	1,872,062	1,754,690	1,754,690
Onwards & Upwards	1,651,140	1,496,820	1,496,820
Placements	10,740,060	9,869,530	9,338,530
Safeguarding & Quality	1,087,175	1,306,675	1,306,675
Social Care Management	960,310	1,174,958	1,174,958
Children Social Care	**29,855,655**	**31,134,030**	**30,609,880**
Business & Finance Support	1,378,319	1,652,324	1,571,254
Childcare	0	16,270	16,270
Children's Centres	1,216,760	1,643,870	1,533,830
Children's Centres Devolved	1,832,374	1,633,244	1,282,374
Commissioning Management	96,640	112,100	112,100
Communication & Complaints	513,318	739,890	739,890
Community Engagement	62,560	124,995	124,995
Early Years	680,580	464,400	385,940
Early Years Devolved	70,030	71,340	71,340
Early Years Management	86,920	36,400	4,730
Family Focus	609,245	747,960	747,960
Libraries	4,513,630	4,639,820	4,437,940
Performance & Data Management	692,180	757,582	757,582
Positive Activities	258,560	269,170	269,170
Skills, Sports & Play	151,210	152,600	152,440
StrategyInsight & Commisioning	750,345	834,842	625,842
Targeted Youth Support	1,362,745	1,183,580	1,143,580
WF & Commuity Engagement Mgt	0	123,000	123,000
Workforce Development	497,090	483,585	483,585
YOS	703,470	681,850	681,850
Youth & FS Mgt	0	81,470	81,470
Youth Centres & Equipment	148,810	146,664	146,444
Early Intervention & Preventio	**15,624,786**	**16,596,956**	**15,493,586**
Family Services Management	524,410	745,207	383,757
FS Deactivated Codes	1,712,213	0	(6,560)
Family Services Management	**2,236,623**	**745,207**	**377,197**
Children's Family Services	**47,717,064**	**48,476,193**	**46,480,663**

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Capital Financing	(1,332,905)	(1,340,415)	(343,490)
Employee Related	24,471,166	24,669,944	24,158,154
Premises Related	1,119,874	1,109,224	1,108,514
Secondary Recharges	0	267,160	66,960
Supplies/Services	6,894,294	6,106,700	4,349,435
Third Party Payments	14,526,765	15,448,990	13,905,190
Transfer Payments	4,898,290	5,579,830	5,578,290
Transport Related	565,910	501,180	501,380
Expenditure	**51,143,394**	**52,342,613**	**49,324,433**
Customer & Client Receipts	(1,419,910)	(1,458,250)	(1,284,600)
Government Grants	(760,860)	(1,360,660)	(511,660)
Other Grants, Reimbursements &	(1,245,560)	(1,047,510)	(1,047,510)
Income	**(3,426,330)**	**(3,866,420)**	**(2,843,770)**
Children's Family Services	**47,717,064**	**48,476,193**	**46,480,663**

Budget Summary and Forward Plan

Commissioning	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Base Budget	9,805,873	19,158,990	17,044,490	13,093,909
Virements	10,393,117			
	20,198,990	**19,158,990**	**17,044,490**	**13,093,909**
Efficiencies				
This proposal is to reduce the remaining Council IT spending that does not form part of the Customer & Support Group contract (approximately £1m per annum). This proposal would reduce this by approximately 10% in 2016/17.	(140,000)			
Budget proposals for 2016-20 include efficiency savings of approximately 2% per annum on third party contracts. This saving comes from Commissioning Group and Assurance contract spending, which include communications and engagement contracts, internal audit and insurance. The overall budget includes provision for price increases of 2.5% per annum, so this saving could be made either from keeping the costs of contracts stable, or through improved contract management and negotiation of better rates.	(46,000)	(46,000)	(45,000)	(44,000)
Budget proposals for 2016-20 include workforce efficiency savings of approximately 10% of the relevant staff budgets. As Government funding for council services continues to reduce, delivery units will need to review their workforce budgets to ensure that they can make the required savings. At this stage, it is expected that the 10% saving can be made without impacting on service delivery, but this assumption will need to be tested in the years to 2020. Corporate initiatives such as the review of terms and conditions and the unified pay project will support delivery units to achieve this saving. Delivery units will also need to review performance management, use of agency staff, management layers and productivity to ensure that this saving can be achieved.	(280,000)	(579,000)	(100,000)	

Commissioning	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Non-renewal of the Council's annual subscription to MOSAIC customer data segmentation programme. MOSAIC is software which allows the Council to model population growth and preferences to help inform policy development. The Customer and Support Group Insight Team uses an identical programme called Call Credit. The proposal is not to renew the subscription to MOSAIC in order to avoid duplication and confusion by using two similar programmes and generate a saving in the process.	(9,000)			
Budget proposals for 2016-20 include efficiency savings on third party contracts by approximately 2% per annum. The bulk of the adult social care budget (75%) is spent on external contracts for care services with external providers. Of this, the majority is spent on individual support plans for people with eligible social care need which is being addressed through other savings lines below. The remainder of contracts, i.e those not spent on people with eligible needs, £5.5m in total and are being considered under this saving. Proposals are being developed in relation to individual contracts and the changes include commissioning different models of service delivery, terminating contacts, improved contract management and negotiation of better rates for 15/16 contracts.		(431,500)	(395,500)	(280,500)
It is now known that the Better Care Fund will continue into 2016/17. Evidence from other parts of the UK indicates that efficiencies can be delivered across health and social care by using social and community care instead of hospital care. This saving is assumed on the following basis: increased joint commissioning and budget pooling with the NHS on a larger scale to deliver savings across the system, with the local authority receiving a proportionate share of the efficiencies achieved.				(727,000)

Commissioning	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Savings from redesign of Day services and other community support projects which enable people to participate in social and recreational activities outside of the home. This will include a substantial remodelling of day services to promote greater access to community activities and the development of pathways into employment and volunteering. Eligible needs of service users and carers will continue to be met but in different ways.			(500,000)	(500,000)
The Customer Access Strategy will use insight about customers and their experiences to design improvements to the council's existing customer services model. It is expected that the strategy will identify a number of opportunities to make savings by directing customers away from face to face, increasing use of the Coventry contact centre, changing service standards and exploring possibilities for income generation.			(500,000)	
There are a number of opportunities to share services with other local authorities. These services include health and safety, emergency planning, insurance, internal audit and governance. In practice, this saving would involve shared management of these functions between Barnet and another local authority. Similar arrangements are already in place with Harrow Council, Brent Council and other bodies in respect of legal services and public health. No firm proposals are currently in place to deliver this saving, but options are being considered to ensure that this is deliverable before 2018.			(1,243,581)	
Senior Management Costs Saving				(1,000,000)

Commissioning	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Identification of alternative delivery model(s) and / or shared service options, e.g. mutual or trusts, that can reduce the cost of the adult social care system (staffing costs) and then better utilise the demand management levers (e.g. self-management, early intervention, tele care, enablement, creative support planning) to reduce care costs. Savings will be delivered through implementation of an asset based approach to meeting care needs, using local resources to prevent the need for council funded care.		(654,000)	(654,000)	(654,000)
	(475,000)	**(1,710,500)**	**(3,438,081)**	**(3,205,500)**
Service Reductions				
	0	**0**	**0**	**0**

Commissioning	2016/17 £	2017/18 £	2018/19 £	2019/20 £
<u>Service Redesign</u>				
Integrated Care for frail elderly/over 50 years with long-term conditions The proposal to develop a 5 tier model to support the development of an integrated health and social care system for older frail people was agreed at the Health and Wellbeing Board in March 2014 and has formed the key element of the Council and CCG’s national Better Care Fund plan. Saving is modelled on the impact of reducing demand on acute and residential care by working to reduce unplanned care.		(192,500)	(150,000)	(175,000)
Increase income from CCTV service and reduce expenditure so that the service is self funding by the end of the decade				(243,000)
	0	**(192,500)**	**(150,000)**	**(418,000)**
<u>Reducing Demand, Promoting Independence</u>				
Movement to menu pricing within the North London Waste Authority and waste disposal diversion projects: The current cost of waste disposal is based on a long-standing system where each Council pays an average price per tonne in proportion to its relative size. This payment is made two years in arrears. The introduction of menu pricing will see the Council pay a price per tonne specifically for the type and volume of waste sent for disposal within the year that the disposals occurs. This will incentivise Councils to minimise waste and will generate a saving based on Barnet sending less waste for disposal compared with other members of the North London Waste Authority. Future waste diversion savings are reliant on demand management projects, changes to collection services and the success of communications campaigns.	(1,900,000)	(500,000)	(100,000)	(100,000)

Commissioning	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Revised waste offer to increase recycling: The planned ending of central Government support for weekly refuse collection will necessitate a revised waste collection offer to residents that will need to focus on the delivery of challenging recycling targets. The Council collects residual waste, recyclables, and food waste from all households. The proposal is for a comprehensive and targeted communications and engagement campaign which aims to change resident behaviours and drive up recycling rates in order to reduce collection and disposal costs. This includes making it easier to recycle food waste and compulsory recycling of dry and food waste; increasing recycling in flats by working with managing agents to identify the most suitable mix of containers and limiting the capacity for residual waste. The proposals will be supported by small scale pilot projects, incentive schemes and targeted communications projects. However it may become necessary to go to alternate weekly collection if recycling rates continue to plateau and/or the savings identified are not realised.	(31,000)			
Implement a 0-25 disabilities service that better brings together health, care and education to ensure that growth is enabled for young people with disabilities. This should reduce the cost to adult social care arising from lower care package costs for those transitioning at the age of 18 over this period than has been the case for past transitions cases. Thorough review of all young people currently placed in residential care and activity is underway to enable young people to move into more independent accommodation options, improving outcomes and reducing cost to the Adult Social Care Budget. Savings from the new ways of working, designed to increase service user independence, are also expected.		(350,000)	(150,000)	(100,000)

Commissioning	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Increasing choice in retirement and for younger disabled adults - investment in an increased advice and support service promoting adaptions and moving to a more suitable home. Savings are based on incremental impact of adaptation/move avoiding costs of enablement, increased homecare and residential care admission for c.20 adults.		(90,000)	(85,000)	(85,000)
Use of existing wheelchair accessible housing stock of 21 units to enable people currently in high cost residential, nursing or supported living placements to become more independent ('step down'), through improved working between adult social care and Barnet Homes. The saving is also modelled on a small number of new build wheelchair housing units funded from HRA headroom. The saving is expected from a reduction in the cost of care package following review, preparation and transfer of individuals to more suitable placements, based on an average saving of £25K per year for high cost residential placements, and £10K per year for lower cost placements. Wheelchair accessible housing will be best suited to individuals with physical disabilities, or multiple disabilities and these are the primary cohort. Saving is modelled on people placed, saving the difference between care in one's own home and high cost residential placements.		(69,500)	(48,500)	(55,000)
Encourage use of Older people home share schemes (where older people make space in their properties available at no/reduced rent to younger people/ students in return for support with domestic tasks such as cooking, cleaning, shopping etc). This will reduce reliance and requirement for home care and the cost of some care packages and is expected to have a positive impact on loneliness. Saving is based on a reducing the uptake of homecare hours for older people and stepping some users down. The saving will be £2k per year for each additional homesharing arrangement (120 homes). Saving will be delivered if home share scheme is targeted at those who would otherwise have those needs met by the Council. However, home share will also be developed as a preventative service in addition.		(44,000)	(72,000)	(102,000)

Commissioning	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Brent Cross -Extra Care development of fully integrated service for older people to rent, offering a wide range of services as an alternative to more expensive residential care. 51 units. Saving is modelled on a 10k saving per person per year, based on the difference between the costs of residential care and extra-care. Saving will be achieved if the scheme is targeted at those who would otherwise have their needs met by the council.				(380,000)
Colindale - Extra Care development of fully integrated service for older people to rent, offering a wide range of services as an alternative to more expensive residential care. 51 Units. Saving is modelled on a 10k saving per person per year, based on the difference between the costs of residential care and extra-care. Saving will be achieved if the scheme is targeted at those who would otherwise have their needs met by the council.			(380,000)	
Generating general fund savings from providing specialist integrated housing for older people based on the provision of 52 flats with 50% high needs, 25% medium needs and 25% low needs. Saving is modelled on the difference between unit cost of residential care and extra care for 51 people.		(95,000)	(285,000)	
	(1,931,000)	**(1,148,500)**	**(1,120,500)**	**(822,000)**
Income				
	0	**0**	**0**	**0**
Pressures				
North London Waste Authority (NLWA) levy increased pressure	1,366,000	937,000	758,000	1,035,000
	1,366,000	**937,000**	**758,000**	**1,035,000**
Budget	**19,158,990**	**17,044,490**	**13,093,909**	**9,683,409**

Commissioning

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Commercial	1,224,210	1,162,566	1,049,180
Commercial & Customer	**1,224,210**	**1,162,566**	**1,049,180**
Commissioning Group	635,974	0	0
Commissioning Group	**635,974**	**0**	**0**
Finance	1,708,801	1,120,331	648,481
Information Management	796,853	879,623	879,623
Programme & Resources	691,013	781,853	918,103
Deputy Chief Operating Officer	**3,196,667**	**2,781,807**	**2,446,207**
Adults and Health	1,000,681	1,258,234	1,258,234
Children & Young people	76,130	365,245	298,231
Environment	1,923,314	12,689,959	12,048,945
Growth & Development	0	308,984	174,956
Strategic Commissioning	**3,000,125**	**14,622,422**	**13,780,366**
Strategic Commissioning Board	705,070	767,950	767,950
Strategic Commissioning Board	**705,070**	**767,950**	**767,950**
Blocked Costcentres CSC	60	0	60
Commissioning Strategy	405,430	240,358	441,340
Communications	638,337	673,887	673,887
Strategy & Communications	**1,043,827**	**914,245**	**1,115,287**
Commissioning	**9,805,873**	**20,248,990**	**19,158,990**

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Asset Capital Accg Charges	1,000	1,000	1,000
Capital Financing	(15,000)	(428,517)	(42,514)
Employee Related	7,559,578	9,572,679	8,569,024
Premises Related	49,170	17,970	17,970
Secondary Recharges	(459,800)	(1,903,437)	(1,666,409)
Supplies/Services	1,841,982	13,508,563	12,597,577
Third Party Payments	2,402,128	2,699,138	2,699,138
Transfer Payments	214,252,660	258,000,000	258,000,000
Transport Related	16,190	18,190	18,190
Expenditure	**225,647,908**	**281,485,586**	**280,193,976**
Customer & Client Receipts	(534,890)	(1,218,020)	(1,249,020)
Government Grants	(211,590,694)	(256,099,206)	(256,099,206)
Interest	45,430	45,430	45,430
Other Grants, Reimbursements & Contributions	(3,761,881)	(3,964,800)	(3,732,190)
Income	**(215,842,035)**	**(261,236,596)**	**(261,034,986)**
Commissioning	**9,805,873**	**20,248,990**	**19,158,990**

Budget Summary and Forward Plan

Customer Support Group	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Base Budget	20,821,765	22,119,555	20,119,555	19,119,555
Virements	1,297,790			
	22,119,555	**22,119,555**	**20,119,555**	**19,119,555**
Efficiencies				
The current Medium Term Financial Strategy for 2014-16 already includes approximately £3m per annum of savings on the cost of office accommodation arising from the exit of North London Business Park Building 4 and the transfer of staff into vacant space in Barnet House and North London Business Park Building 2. Current plans suggest that the total saving from the exit of Building 4 could be more than £3m per annum subject to confirmation of costs of moving and wear and tear. This, along with further savings that could arise as part of a move to Colindale, would generate further savings of approximately £1m per annum by 2017. In addition, changes to the Council's wider estate and opportunities to generate greater income on the commercial portfolio are expected to generate income and savings totalling £1m by 2017.		(2,000,000)		
The Council entered into the Customer & Support Group contract for customer and back office services in the autumn of 2013. This contract will deliver a total £125m saving over a 10 year period. This includes a reduction in the cost of back office services of £70m, or £7m per annum (average across the contract). The contract price has already reduced by £6m per annum and forms part of the Councils existing budget and Medium Term Financial Strategy. A further reduction of £2m is anticipated (£1.5m guaranteed in the contract and £0.5m is an expectation of greater savings from the contract review at year 3) meaning that an additional saving can be included in the Council’s budget for 2018/19 and 2019/20.			(1,000,000)	(1,000,000)
	0	**(2,000,000)**	**(1,000,000)**	**(1,000,000)**

Customer Support Group	2016/17 £	2017/18 £	2018/19 £	2019/20 £
<u>Service Reductions</u>				
	0	0	0	0
<u>Service Redesign</u>				
	0	0	0	0
<u>Reducing Demand, Promoting Independence</u>				
	0	0	0	0
<u>Income</u>				
	0	0	0	0
<u>Pressures</u>				
	0	0	0	0
Budget	22,119,555	20,119,555	19,119,555	18,119,555

Customer Support Group

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Building Services	(268,835)	(67,110)	(268,835)
CSG Management Fee	16,836,019	18,463,691	18,001,959
Estates	4,254,581	3,539,234	4,386,431
Other Managed	0	183,740	0
Customer Support Group	**20,821,765**	**22,119,555**	**22,119,555**
Customer Support Group	**20,821,765**	**22,119,555**	**22,119,555**

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Premises Related	6,957,210	6,806,025	7,057,410
Secondary Recharges	0	(400,519)	197,140
Supplies/Services	21,659,273	26,704,217	22,285,513
Expenditure	**28,616,483**	**33,109,723**	**29,540,063**
Customer & Client Receipts	(6,500,698)	(9,696,148)	(6,126,488)
Government Grants	(422,830)	0	(422,830)
Other Grants, Reimbursements & Contributions	(871,190)	(1,294,020)	(871,190)
Income	**(7,794,718)**	**(10,990,168)**	**(7,420,508)**
Customer Support Group	**20,821,765**	**22,119,555**	**22,119,555**

Budget Summary and Forward Plan

HB Law	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Base Budget	1,752,397	2,011,397	2,011,397	2,011,397
Virements	259,000			
	2,011,397	**2,011,397**	**2,011,397**	**2,011,397**
Efficiencies				
	0	**0**	**0**	**0**
Service Reductions				
	0	**0**	**0**	**0**
Service Redesign				
	0	**0**	**0**	**0**
Reducing Demand, Promoting Independence				
	0	**0**	**0**	**0**
Income				
	0	**0**	**0**	**0**
Pressures				
	0	**0**	**0**	**0**
Budget	**2,011,397**	**2,011,397**	**2,011,397**	**2,011,397**

HB LAW

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
HB Law	1,752,397	2,011,397	2,011,397
HB Law	**1,752,397**	**2,011,397**	**2,011,397**
HB LAW	**1,752,397**	**2,011,397**	**2,011,397**

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Secondary Recharges	(173,432)	0	0
Supplies/Services	2,532,229	2,791,229	2,791,229
Expenditure	**2,358,797**	**2,791,229**	**2,791,229**
Customer & Client Receipts	(606,400)	(779,832)	(779,832)
Income	**(606,400)**	**(779,832)**	**(779,832)**
HB LAW	**1,752,397**	**2,011,397**	**2,011,397**

Budget Summary and Forward Plan

Housing Needs Resources	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Base Budget	3,953,609	4,975,749	4,975,749	4,975,749
Virements	1,022,140			
	4,975,749	**4,975,749**	**4,975,749**	**4,975,749**
Efficiencies				
	0	**0**	**0**	**0**
Service Reductions				
	0	**0**	**0**	**0**
Service Redesign				
	0	**0**	**0**	**0**
Reducing Demand, Promoting Independence				
	0	**0**	**0**	**0**
Income				
	0	**0**	**0**	**0**
Pressures				
	0	**0**	**0**	**0**
Budget	**4,975,749**	**4,975,749**	**4,975,749**	**4,975,749**

Housing Needs Resources

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Housing Needs Resources	3,953,609	4,975,749	4,975,749
Housing Needs Resources	3,953,609	4,975,749	4,975,749
Housing Needs Resources	**3,953,609**	**4,975,749**	**4,975,749**
Housing Needs Resources	**3,953,609**	**4,975,749**	**4,975,749**

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Employee Related	89,400	84,670	84,670
Premises Related	170	0	0
Secondary Recharges	0	140	140
Supplies/Services	3,485,097	3,485,097	3,485,097
Third Party Payments	16,609,000	17,635,900	17,635,900
Expenditure	**20,183,667**	**21,205,807**	**21,205,807**
Customer & Client Receipts	(15,741,808)	(15,741,808)	(15,741,808)
Other Grants, Reimbursements & Contributions	(488,250)	(488,250)	(488,250)
Income	**(16,230,058)**	**(16,230,058)**	**(16,230,058)**
Housing Needs Resources	**3,953,609**	**4,975,749**	**4,975,749**

Budget Summary and Forward Plan

Parking & Infrastructure	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Base Budget	6,219,169	6,119,479	6,119,479	5,969,479
Virements	100,310			
	6,319,479	**6,119,479**	**6,119,479**	**5,969,479**
Efficiencies				
Street lighting Savings: The current street lighting contract requires the contractor to maintain quality standards relating to lighting levels. Officers will look to reduce management costs by sharing client and back office functions with the London Borough of Enfield and work with the contractor to reduce maintenance costs. Officers will also look at opportunities to reduce energy costs and mitigate the impact of future energy price increases.	(200,000)			
Re-procure the Parking Contract: The current contract for parking and enforcement services is due to expire in 2017. A decision to re-procure the service will allow further cost savings to be identified through sharing services with partnering authorities, making contract management savings using varied specifications or through investing in modern IT systems.			(150,000)	
	(200,000)	**0**	**(150,000)**	**0**
Service Reductions				
	0	**0**	**0**	**0**

Parking & Infrastructure	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Service Redesign				
	0	0	0	0
Reducing Demand, Promoting Independence				
	0	0	0	0
Income				
	0	0	0	0
Pressures				
	0	0	0	0
Budget	6,119,479	6,119,479	5,969,479	5,969,479

Parking & Infrastructure

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Highway Inspection/Maintenance	382,007	353,727	353,727
Parking	(457,750)	(457,750)	(457,750)
Parking & Infrastructure	**(75,743)**	**(104,023)**	**(104,023)**
Special Parking Account	**0**	**0**	**0**
Special Parking Account	**0**	**0**	**0**
Street Lighting	6,294,912	6,423,502	6,223,502
Street Lighting	**6,294,912**	**6,423,502**	**6,223,502**
Parking & Infrastructure	**6,219,169**	**6,319,479**	**6,119,479**

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Asset Capital Accg Charges	1,880	1,880	1,880
Capital Accounting Charges	7,420,775	7,122,445	8,052,445
Employee Related	1,328,339	1,291,169	1,291,169
Premises Related	192,260	192,260	192,260
Secondary Recharges	(143,507)	(141,977)	(141,977)
Supplies/Services	11,209,820	11,644,100	11,444,100
Transport Related	67,790	67,790	67,790
Expenditure	**20,077,357**	**20,177,667**	**20,907,667**
Customer & Client Receipts	(13,858,188)	(13,858,188)	(14,788,188)
Income	**(13,858,188)**	**(13,858,188)**	**(14,788,188)**
Parking & Infrastructure	**6,219,169**	**6,319,479**	**6,119,479**

Budget Summary and Forward Plan

Public Health	**2016/17 £**	**2017/18 £**	**2018/19 £**	**2019/20 £**
Base Budget	14,335,000	18,544,000	18,544,000	18,544,000
Virements	4,209,000			
	18,544,000	**18,544,000**	**18,544,000**	**18,544,000**
Efficiencies				
	0	**0**	**0**	**0**
Service Reductions				
	0	**0**	**0**	**0**
Service Redesign				
	0	**0**	**0**	**0**
Reducing Demand, Promoting Independence				
	0	**0**	**0**	**0**
Income				
	0	**0**	**0**	**0**
Pressures				
	0	**0**	**0**	**0**
Budget	**18,544,000**	**18,544,000**	**18,544,000**	**18,544,000**

Public Health

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Public Health	14,335,000	15,835,000	18,544,000
Public Health	**14,335,000**	**15,835,000**	**18,544,000**
Public Health	**14,335,000**	**15,835,000**	**18,544,000**

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Third Party Payments	14,335,000	15,835,000	18,544,000
Expenditure	**14,335,000**	**15,835,000**	**18,544,000**
Public Health	**14,335,000**	**15,835,000**	**18,544,000**

Budget Summary and Forward Plan

Regional Enterprise	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Base Budget	730,197	(1,119,043)	(5,481,043)	(11,113,043)
Virements	403,760			
	1,133,957	**(1,119,043)**	**(5,481,043)**	**(11,113,043)**
Efficiencies				
Contract Negotiations: There is a potential opportunity for additional savings from the Re contract, or for additional income to be generated from these contracts over and above the contractual guarantee. £500k represents about 5% of the gross spend on Re services, and it is considered that this is a realistic target for additional savings for 2018/19 as part of the mid term contract review.			(500,000)	
Reduction in highways reactive maintenance costs: The Council has invested £50 million in planned maintenance for a five year period from 2015/16. It is anticipated that the investment will reduce on-going reactive maintenance costs. The proposal will be supported by increased enforcement action against builders and developers who damage the highway by enforcing the Council's policy on footway parking.				(550,000)
	0	**0**	**(500,000)**	**(550,000)**
Service Reductions				
	0	**0**	**0**	**0**
Service Redesign				
	0	**0**	**0**	**0**

Regional Enterprise	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Reducing Demand, Promoting Independence				
	0	**0**	**0**	**0**
Growth & Income				
The Council’s regeneration schemes are projecting and increase in Council Tax and Business Rates over the period 2016- 2020. This increase is above current baseline predictions, so can be used to support the Council’s budget.	(2,253,000)	(3,362,000)	(5,132,000)	(48,000)
A number of development opportunities are being considered that are not included in the current regeneration programme, which could create additional capital receipts that would reduce the Council's future borrowing requirements. They could also generate additional Council Tax revenues. Finally, they could generate rents or dividends through the Council taking a development role, either directly or via a Joint Venture. These proposals will come forward through the Assets, Regeneration and Growth Committee.		(1,000,000)		
	(2,253,000)	**(4,362,000)**	**(5,132,000)**	**(48,000)**
Pressures				
	0	**0**	**0**	**0**
Budget	**(1,119,043)**	**(5,481,043)**	**(11,113,043)**	**(11,711,043)**

Regional Enterprise

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
RE Guaranteed Income	0	(14,749,463)	(14,661,463)
RE Managed Budgets	1,095,332	1,144,852	1,056,852
RE Projects	49,520	0	0
Re Managed Budgets	**1,144,852**	**(13,604,611)**	**(13,604,611)**
RE Management Fee	(414,655)	14,738,568	14,738,568
Re Management Fee	**(414,655)**	**14,738,568**	**14,738,568**
Regional Enterprise	**730,197**	**1,133,957**	**1,133,957**
Additional income from Council Tax			(2,253,000)
Regional Enterprise Total			**(1,119,043)**

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Capital Financing	0	(150,000)	(150,000)
Employee Related	0	910	910
Premises Related	0	5,810	5,810
Secondary Recharges	(2,339,000)	(2,336,960)	(2,336,960)
Supplies/Services	14,224,676	23,106,418	23,106,418
Third Party Payments	0	0	0
Expenditure	**11,885,676**	**20,626,178**	**20,626,178**
Customer & Client Receipts	(9,029,164)	(14,749,463)	(14,749,463)
Government Grants	(4,000)	0	0
Interim Budgets	(1,285,325)	(1,285,325)	(1,285,325)
Other Grants, Reimbursements & Contributions	(836,990)	(3,457,433)	(3,457,433)
Income	**(11,155,479)**	**(19,492,221)**	**(19,492,221)**
Regional Enterprise	**730,197**	**1,133,957**	**1,133,957**
Additional income from Council Tax			(2,253,000)
Regional Enterprise Total			**(1,119,043)**

Budget Summary and Forward Plan

Streetscene	**2016/17 £**	**2017/18 £**	**2018/19 £**	**2019/20 £**
Base Budget	14,013,753	13,895,663	12,350,663	11,175,663
Virements	841,910			
	14,855,663	**13,895,663**	**12,350,663**	**11,175,663**
Efficiencies				
Improving fleet efficiency: The service will continue to reduce the unit cost of maintenance by making procurement processes more competitive and increasing the effectiveness and efficiency of the fleet e.g. through increased preventative maintenance resulting in fewer unplanned repairs. The savings are based on the complete London Borough of Barnet fleet.	(125,000)			
Service changes and Community Engagement Regarding Parks Services: Under this proposal the management of bowling greens would transfer from the council's responsibility to a range of locally-based community organisations, the delivery of annual bedding planting would either cease or transfer to "adopt a place" schemes. In addition, officers will look to return areas of parks and open spaces to "natural" areas and so reduce the level of maintenance as well as revising highway grass cutting frequencies and improving scheduling	(50,000)	(345,000)		
Household Waste Recycling Centre to transfer to NLWA: Under this proposal the ownership on a lease and management of the Summers Lane Recycling Centre has been transferred to the North London Waste Authority.	(80,000)			
Creation of a shared mortuary service: The council has developed a shared service arrangement with neighbouring boroughs to deliver operational efficiencies, raise revenue by disposing of the Finchley Mortuary at a competitive price and continue to maintain a high standard of service.	(45,000)			

Streetscene	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Review of Street Cleansing Services: Reduction in Street Cleansing frequencies by reducing overall number of operational teams. Detailed proposals will determine areas that might be suitable for reductions including :- Fly-tip frequencies, frequency of Deep Cleanse, extension of litter picking and monitoring intervals and Town Centre servicing. There will be a corresponding change to levels of supervision including utilising the latest technology to design better routes and monitor them more effectively. Officers will introduce an increased level of enforcement activity to reduce the need for street cleansing in areas of littering and fly tipping and greater use will be made of people serving community sentences.	(150,000)	(600,000)		
Increased Productivity and Reduction of Overheads: Restructure of the Street Scene business model - options may include a social enterprise, mutual, shared service or outsourcing for Waste, Recycling, Street Cleansing and Grounds Maintenance services. A decision about a future alternative model will be subject to a full detailed business case and options appraisals, including a comparison with the costs and quality of the in-house service.		(250,000)	(450,000)	
	(450,000)	**(1,195,000)**	**(450,000)**	**0**
Service Reductions				
	0	**0**	**0**	**0**
Service Redesign				
	0	**0**	**0**	**0**

Streetscene	2016/17 £	2017/18 £	2018/19 £	2019/20 £
<u>Reducing Demand, Promoting Independence</u>				
Revised waste offer to increase recycling: The planned ending of central Government support for weekly refuse collection will necessitate a revised waste collection offer to residents that will need to focus on the delivery of challenging recycling targets. The Council collects residual waste, recyclables, and food waste from all households. The proposal is for a comprehensive and targeted communications and engagement campaign which aims to change resident behaviours and drive up recycling rates in order to reduce collection and disposal costs. This includes making it easier to recycle food waste and compulsory recycling of dry and food waste; increasing recycling in flats by working with managing agents to identify the most suitable mix of containers and limiting the capacity for residual waste. The proposals will be supported by small scale pilot projects, incentive schemes and targeted communications projects. However it may become necessary to go to alternate weekly collection if recycling rates continue to plateau and/or the savings identified are not realised.		(50,000)	(200,000)	(200,000)
Reduce Demand for Services through targeted enforcement and Education - increase the investment in enforcement and public communication activities to reduce the amount of fly tipping, littering and ASB - provides a reduction in overall operating costs and a small revenue stream above investment costs.		(25,000)	(25,000)	
	0	**(75,000)**	**(225,000)**	**(200,000)**

Streetscene	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Income				
Invest in 3G Pitches (x3): This proposal will see the Council secure additional investment (in partnership with funding bodies such as The Football Foundation) in modern 3G sports pitches across the borough. The Council will benefit from a mechanism for sharing the additional income generated from new pitches with any delivery partner.			(100,000)	
Income generation from Non-Statutory Waste Services: A challenging income generation target across a range of chargeable services including but not limited to: bulky waste collection, special collections, additional collections, and the identification of new services where charging the user more in order to offset the impact of wider budget reductions is appropriate. To be delivered through a fundamental review of all transactional services e.g. development of the trade and commercial waste services including recycling and a review of commercial activity to identify new or improved income opportunities. Further work to be done with commercial waste to both obtain contracts and offer recycling services.	(50,000)	(200,000)	(300,000)	(1,000,000)
Improve service Efficiencies to Reduce Growth Demand: Current budget forecasts include growth related to the new developments to waste collection and recycling service. Service efficiencies will be introduced to absorb additional work within the current workforce	(360,000)	(75,000)		
Increased Productivity and Reduction of Overheads: Develop a range of alternative management models for parks and open spaces including trusts, management by friends groups and volunteers. Ensure that all costs are recovered from External Agencies such as Barnet Homes and ensure that suitable specifications are in place.	(100,000)		(100,000)	(100,000)
	(510,000)	**(275,000)**	**(500,000)**	**(1,100,000)**
Pressures				
	0	**0**	**0**	**0**
Budget	**13,895,663**	**12,350,663**	**11,175,663**	**9,875,663**

Streetscene

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Business Improvement	335,131	264,227	264,227
Business Improvement	**335,131**	**264,227**	**264,227**
Mortuary	141,010	144,070	99,070
Transport	(178,820)	(199,030)	(327,530)
Contract Management	**(37,810)**	**(54,960)**	**(228,460)**
Green Spaces	4,711,982	4,631,022	4,329,682
Green Spaces	**4,711,982**	**4,631,022**	**4,329,682**
Street Cleansing	3,750,550	3,597,450	3,526,540
Parks, Street Cleaning & Groun	**3,750,550**	**3,597,450**	**3,526,540**
Street Scene Management	649,661	652,091	652,091
Street Scene Management	**649,661**	**652,091**	**652,091**
Recycling	69,810	1,117,858	1,021,398
Trade Waste	(1,622,851)	(1,921,985)	(1,929,805)
Waste	6,157,280	6,724,730	6,259,990
Waste & Recycling	**4,604,239**	**5,920,603**	**5,351,583**
Streetscene	**14,013,753**	**15,010,433**	**13,895,663**

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Asset Capital Accg Charges	26,820	16,820	16,820
Employee Related	13,389,110	13,688,316	13,015,546
Premises Related	1,497,995	1,448,345	1,448,345
Secondary Recharges	(6,550,471)	(6,778,413)	(6,778,413)
Supplies/Services	2,743,535	2,989,652	2,889,652
Third Party Payments	383,260	4,945	4,945
Transport Related	9,760,938	9,767,438	9,625,438
Expenditure	**21,251,187**	**21,137,103**	**20,222,333**
Customer & Client Receipts	(5,409,434)	(4,364,670)	(4,564,670)
Government Grants	(1,828,000)	(1,762,000)	(1,762,000)
Income	**(7,237,434)**	**(6,126,670)**	**(6,326,670)**
Streetscene	**14,013,753**	**15,010,433**	**13,895,663**

Budget Summary and Forward Plan

Special Parking Account	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Base Budget	(7,420,775)	(8,052,445)	(8,322,445)	(8,562,445)
Virements	298,330			
	(7,122,445)	**(8,052,445)**	**(8,322,445)**	**(8,562,445)**
Efficiencies				
	0	**0**	**0**	**0**
Service Reductions				
	0	**0**	**0**	**0**
Service Redesign				
	0	**0**	**0**	**0**
Reducing Demand, Promoting Independence				
	0	**0**	**0**	**0**
Income				
Income generation from a full review of fees and charges across all Environmental Committee business areas. This will include making sure that all fees are collected.	(930,000)	(270,000)	(240,000)	(130,000)
	(930,000)	**(270,000)**	**(240,000)**	**(130,000)**
Pressures				
	0	**0**	**0**	**0**
Budget	**(8,052,445)**	**(8,322,445)**	**(8,562,445)**	**(8,692,445)**

Revenue Budget 2016-2017

Special Parking Account

	2015-2016	2015-2016	2016-2017
	Original Estimate	**Current Estimate**	**Original Estimate**
	£	**£**	**£**
Income			
Penalty Charge Notices	(6,635,010)	(6,615,010)	(6,615,010)
Permits	(2,220,000)	(2,220,000)	(2,550,000)
Pay & Display	(3,060,000)	(3,080,000)	(3,080,000)
CCTV Bus lanes	(870,000)	(870,000)	(1,470,000)
Total Income	(12,785,010)	(12,785,010)	(13,715,010)
Operating Expenditure	5,364,235	5,662,565	5,662,565
Net Operating Surplus	(7,420,775)	(7,122,445)	(8,052,445)
Add Capital Expenditure / Debt Charge			
Net Expenditure in Year	(7,420,775)	(7,122,445)	(8,052,445)
Balance brought forward	0	0	0
Appropriation to General Fund	7,420,775	7,122,445	8,052,445
Balance Carried Forward	0	0	0

The SPA is a ringfenced statutory account covering the estimated impact of implementing On-Street Parking and
Council on 4 November 1997 noted that the provision of further off-street parking places was unnecessary for the time
The net projected surplus on the SPA is available for implementation of parking schemes and as a general support for

HOUSING REVENUE ACCOUNT		
	2015/16	2016/17
	Original Budget	Original Budget
Income	£	£
Dwelling rents	(53,758,196)	(50,604,854)
Non-dwelling rents	(1,744,813)	(1,613,781)
Tenants Charges for services and facilities	(3,800,417)	(3,927,160)
Leaseholder Charges for Services and Facilities	(2,951,326)	(3,049,752)
Grants and other income	0	(1,274,486)
Total Income	**(62,254,752)**	**(60,470,033)**
Expenditure		
Repairs and Maintenance	7,550,000	7,701,000
Supervision and management		
General	13,962,664	14,503,736
Special	6,756,617	6,834,476
Rents, Rates, taxes and other charges	121,500	430,535
Depreciation and impairment of fixed assets	12,866,805	12,837,638
Contribution to Major Repairs Reserve	19,185,195	8,313,362
Impairment write off for HRA commercial properties	820,000	820,000
Debt Management Costs	6,688,827	7,413,628
Increase in bad debt provision	615,000	516,376
Total Expenditure	**68,566,608**	**59,370,752**
Net Cost of HRA Services	**6,311,857**	**(1,099,281)**
Interest and investment income	(80,360)	(147,197)
(Surplus) or deficit for the year on HRA services	**6,231,497**	**(1,246,477)**

Appendix B2: Revenue Budget 2016/17

Council Theme Committee	2015/2016 Original Estimate	2015/2016 Current Estimate	2016/2017 Original Estimate
	£	£	£
Adults & Safeguarding Committee	82,816,807	87,636,348	86,824,504
Assets, Regeneration & Growth	6,156,615	296,312	(256,656)
Children, Education, Libraries & Safeguarding	53,945,241	56,104,451	53,847,107
Community Leadership Committee	2,372,352	2,270,420	2,259,420
Environment Committee	20,913,599	40,277,106	38,242,322
Housing Committee	3,953,609	4,698,069	4,698,069
Policy & Resources	99,392,917	77,970,104	77,929,200
Public Health	14,335,000	15,835,000	18,544,000
Special Parking Account	(7,420,775)	(7,122,445)	(8,052,445)
Additional income from Council Tax			(2,253,000)
Total	**276,465,365**	**277,965,365**	**271,782,521**

REVENUE BUDGET 2016/17

BUDGET	2015/2016 Original	2015/2016 Current	2016/2017 Original
	£	£	£
Total Service Expenditure	**276,465,365**	**277,965,365**	**271,782,521**
Contribution to / (from) Specific Reserves	6,461,288	6,461,288	10,735,156
NET EXPENDITURE	**282,926,653**	**284,426,653**	**282,517,677**
Other Grants	(32,038,000)	(33,538,000)	(38,829,000)
BUDGET REQUIREMENT	**250,888,653**	**250,888,653**	**243,688,677**
Business Rates Retention	(35,191,000)	(35,191,000)	(35,484,000)
Business rates top-up	(18,114,000)	(18,114,000)	(18,265,000)
BUSINESS RATES INCOME	**(53,305,000)**	**(53,305,000)**	**(53,749,000)**
RSG	(50,444,000)	(50,444,000)	(36,849,000)
Collection Fund Adjustments	(1,500,000)	(1,500,000)	(3,636,000)
Additional income from Council Tax			2,253,000
BARNET'S ELEMENT OF COUNCIL TAX REQUIREMENT	**145,639,653**	**145,639,653**	**151,707,677**
Greater London Authority - Precept	38,984,545	38,984,545	37,349,424
COUNCIL TAX REQUIREMENT	**184,624,198**	**184,624,198**	**189,057,101**

Components of the Council Tax (Band D)	2015/2016	2016/17	Increase
	£	£	
Mayors Office for Policing and Crime	211.19	192.19	(9.00%)
London Fire & Emergency Planning Authority	48.55	48.55	0.00%
Mayor, Adminstration, Transport for London, Olympic Games and Boroughs' Collection Fund balances.	35.25	35.25	0.00%
Greater London Authority	**295.00**	**276.00**	**(6.44%)**
London Borough of Barnet	**1,102.07**	**1,121.07**	**1.72%**
Total	**1,397.07**	**1,397.07**	**(0.00%)**

REVENUE BUDGET 2016/17

COUNCIL TAX SUMMARY

Council Tax Bands (based on property values @ 1 April 1991)		2015/16	2016/17	Tax Yield
		£	£	£
[Up to £40,000]	Band A	**931.38**	**931.38**	1,835,741
[Over £40,000 & up to £52,000]	Band B	**1,086.61**	**1,086.61**	6,215,301
[Over £52,000 & up to £68,000]	Band C	**1,241.84**	**1,241.84**	24,093,621
[Over £68,000 & up to £88,000]	Band D	**1,397.07**	**1,397.07**	36,330,591
[Over £88,000 & up to £120,000]	Band E	**1,707.53**	**1,707.53**	42,666,872
[Over £120,000 & up to £160,000]	Band F	**2,017.99**	**2,017.99**	33,946,285
[Over £160,000 & up to £320,000]	Band G	**2,328.45**	**2,328.45**	33,320,306
[Over £320,000]	Band H	**2,794.14**	**2,794.14**	10,648,384
				189,057,101

COUNCIL TAXBASE

Council Taxbase	2015/2016 Band D Equivalents	2016/2017 Band D Equivalents	Income
Total properties (per Valuation List)	166,725	168,206	234,995,558
Exemptions	(2,648)	(2,454)	(3,428,410)
Disabled reductions	(115)	(112)	(156,472)
Discounts (10%, 25% & 50%)	(31,571)	(28,938)	(40,428,412)
Adjustments	1,677	605	845,227
Aggregate Relevant Amounts	134,068	137,307	191,827,491
Non-Collection (1.5% both years)	(1,998)	(2,060)	(2,877,964)
Contributions in lieu from MoD	81	77	107,574
	132,151	135,324	189,057,101

Budget Summary and Forward Plan

Adults & Safeguarding	**2016/17** **£**	**2017/18** **£**	**2018/19** **£**	**2019/20** **£**
Base Budget	82,816,807	86,824,504	83,753,204	80,750,404
Virements	4,819,541			
	87,636,348	**86,824,504**	**83,753,204**	**80,750,404**
<u>Efficiencies</u>				
Budget proposals for 2016-20 include efficiency savings on third party contracts by approximately 2% per annum. The bulk of the adult social care budget (75%) is spent on external contracts for care services with external providers. Of this, the majority is spent on individual support plans for people with eligible social care need which is being addressed through other savings lines below. The remainder of contracts, i.e those not spent on people with eligible needs, £5.5m in total and are being considered under this saving. Proposals are being developed in relation to individual contracts and the changes include commissioning different models of service delivery, terminating contacts, improved contract management and negotiation of better rates for 15/16 contracts.	(400,000)	(863,000)	(791,000)	(561,000)
Last year's budget proposals for 2016-20 included workforce savings spread equally over four years. These have now been brought forward to deliver an earlier saving. An element of the saving can be mitigated through improved productivity and efficiency, in particular through the implementation of an improved case management IT system and changes to the assessment process. The proposals will include reviewing management roles, skills mix (i.e. reducing qualified social workers and having more unqualified social workers) and back office efficiencies.	(1,088,000)	(400,000)		(213,000)

Adults & Safeguarding	**2016/17** **£**	**2017/18** **£**	**2018/19** **£**	**2019/20** **£**
Identification of alternative delivery model(s) and / or shared service options, e.g. mutual or trusts, that can reduce the cost of the adult social care system (staffing costs) and then better utilise the demand management levers (e.g. self-management, early intervention, tele care, enablement, creative support planning) to reduce care costs. Savings will be delivered through implementation of an asset based approach to meeting care needs, using local resources to prevent the need for council funded care.		(654,000)	(654,000)	(654,000)
It is now known that the Better Care Fund will continue into 2016/17. Evidence from other parts of the UK indicates that efficiencies can be delivered across health and social care by using social and community care instead of hospital care. This saving is assumed on the following basis: increased joint commissioning and budget pooling with the NHS on a larger scale to deliver savings across the system, with the local authority receiving a proportionate share of the efficiencies achieved.				(727,000)
Savings from redesign of Day and Supported Living services including substantial remodelling with a focus on employment and social inclusion. Options being developed include: re-commissioning supported living to achieve contract efficiencies: re-modelling Barnet Independent Living Services (BILS) and Community Space, with reduced day centre operations, more access to community activities and the development of pathways into employment and volunteering. Eligible needs of service users and carers will continue to be met but in different ways.			(500,000)	(500,000)
	(1,488,000)	**(1,917,000)**	**(1,945,000)**	**(2,655,000)**

Adults & Safeguarding	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Service Reductions				
	0	**0**	**0**	**0**
Service Redesign				
Integrated Care for frail elderly/over 50 years with long-term conditions The proposal to develop a 5 tier model to support the development of an integrated health and social care system for older frail people was agreed at the Health and Wellbeing Board in March 2014 and has formed the key element of the Council and CCG's national Better Care Fund plan. Saving is modelled on the impact of reducing demand on acute and residential care by working to reduce unplanned care.		(385,000)	(300,000)	(350,000)
Increased use of assistive technology (e.g. sensors, alarms, monitoring systems) both in individuals homes and in residential and nursing care providers, is expected to lead to a reduction in care package costs (e.g. reduction in requirement for waking/sleeping nights). This could be delivered through partnering with a telecare provider to provide large scale telecare services.		(500,000)	(500,000)	
Following full implementation of the new mental health social work model to provide better services for users, the intention is to deliver further savings to high cost placements, workforce reconfiguration and longer term demand management for latter half of 4 year MTFS. The Saving is modelled on projections for demand of mental health care, the intended impact of demand management and reduction in crisis care admissions to hospital.			(250,000)	(250,000)
	0	**(885,000)**	**(1,050,000)**	**(600,000)**

Adults & Safeguarding	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Reducing Demand, Promoting Independence				
Continuation and further development of work to deliver savings through supporting older people in alternative ways, such as care in the community, instead of high cost care packages and residential placements. This will be applied to existing and new service users and will lead to increased use of universal services, enablement, telecare, equipment and direct payments which cost less than traditional home care and residential care. Service users will therefore receive lower personal budgets whilst ensuring that eligible needs are met. The savings will be delivered by social workers incorporating elements in care and support plans which cost less than traditional care or that do not require Council funding. This might include support from volunteers, local clubs or local libraries, for example.	(350,000)	(350,000)	(350,000)	
An intensive evidence-based model of support for Barnet carers of people with dementia, in order to increase carer sustainability, delay residential care and manage adult social care demand. The saving is modelled on 10 couples and was developed and consulted on as part of the priorities and spending review process in 2013/14 and the adults and safeguarding commissioning plan. The programme to deliver support to sustain carers of people with dementia to stay in their own homes will be developed internally.		(160,000)	(160,000)	(180,000)
Generating general fund savings from providing specialist integrated housing for older people based on the provision of 52 flats with 50% high needs, 25% medium needs and 25% low needs. Saving is modelled on the difference between unit cost of residential care and extra care for 51 people.		(95,000)	(285,000)	

Adults & Safeguarding	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Implement a 0-25 disabilities service that better brings together health, care and education to ensure that growth is enabled for young people with disabilities. This should reduce the cost to adult social care arising from lower care package costs for those transitioning at the age of 18 over this period than has been the case for past transitions cases. Thorough review of all young people currently placed in residential care and activity is underway to enable young people to move into more independent accommodation options, improving outcomes and reducing cost to the Adult Social Care Budget. Savings from the new ways of working, designed to increase service user independence, are also expected.	(300,000)	(350,000)	(150,000)	(100,000)
Support to help people remain caring and in work by increasing support to carers and employers in the borough enabling carers to remain in work and caring by achieving a 0.5% retention rate (c.14 carers). Savings are from cost avoidance of increased homecare support. This is a continuation of previous carers offer savings.		(141,300)	(151,800)	
Increasing choice in retirement and for younger disabled adults - investment in an increased advice and support service promoting adaptions and moving to a more suitable home. Savings are based on incremental impact of adaptation/move avoiding costs of enablement, increased homecare and residential care admission for c.20 adults.	(100,000)	(180,000)	(170,000)	(170,000)
Develop methods of increasing numbers of personal assistants in Barnet, as an alternative to home care agencies. Service users directly employ the personal assistant and therefore are able to personalise and control their care and support to a very high level. Savings are based on lower unit costs than home care agencies but assume all PAs are paid the LLW.Saving is modelled on 78,000 hours of home care being provided by PAs instead of home care agencies.	(60,000)	(200,000)		

Adults & Safeguarding	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Review support packages and develop support plans to meet needs at a lower cost. This is likely to include the following:- Increase the supply and take-up of supported living and independent housing opportunities - Supporting transitions to the above for people currently in residential care- Ensure that the review and support planning process is more creative and cost effective- Ensure that this considers how technology can enable people with disabilities to live more independently.	(700,000)	(450,000)	(350,000)	(200,000)
Work has taken place to identify and review service users in placements who are suitable to step down from residential to supported living. Eligible needs will still be met. These savings are based on an audit of mental health service users currently in high cost residential placements who have been identified as suitable for more independent living (20 users).		(500,000)		
Remove the Council subsidy for the home meals service on expiry of the current contract and put in place alternative arrangements which actively enable service users to self arrange meals provision which meets individual and cultural needs in a safe way.	(280,000)			
Use of existing wheelchair accessible housing stock of 21 units to enable people currently in high cost residential, nursing or supported living placements to become more independent ('step down'), through improved working between adult social care and Barnet Homes. The saving is also modelled on a small number of new build wheelchair housing units funded from HRA headroom. The saving is expected from a reduction in the cost of care package following review, preparation and transfer of individuals to more suitable placements, based on an average saving of £25K per year for high cost residential placements, and £10K per year for lower cost placements. Wheelchair accessible housing will be best suited to individuals with physical disabilities, or multiple disabilities and these are the primary cohort. Saving is modelled on people placed, saving the difference between care in one's own home and high cost residential placements.	(83,000)	(139,000)	(97,000)	(110,000)

Adults & Safeguarding	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Encourage use of Older people home share schemes (where older people make space in their properties available at no/reduced rent to younger people/ students in return for support with domestic tasks such as cooking, cleaning, shopping etc). This will reduce reliance and requirement for home care and the cost of some care packages and is expected to have a positive impact on loneliness. Saving is based on a reducing the uptake of homecare hours for older people and stepping some users down. The saving will be £2k per year for each additional homesharing arrangement (120 homes). Saving will be delivered if home share scheme is targeted at those who would otherwise have those needs met by the Council. However, home share will also be developed as a preventative service in addition.	(22,000)	(44,000)	(72,000)	(102,000)
Extra Care development of fully integrated service for older people to rent, offering a wide range of services as an alternative to more expensive residential care. 51 units. Saving is modelled on a 10k saving per person per year, based on the difference between the costs of residential care and extra-care. Saving will be achieved if the scheme is targeted at those who would otherwise have their needs met by the council.				(380,000)
Extra Care development of fully integrated service for older people of 51 Units. Saving is modelled on a 10k saving per person per year, based on the difference between the costs of residential care and extra-care. Saving will be achieved if the scheme is targeted at those who would otherwise have their needs met by the council.			(380,000)	
	(1,895,000)	**(2,609,300)**	**(2,165,800)**	**(1,242,000)**
Growth and Income				
	0	**0**	**0**	**0**
Pressures				
Adults social care pressures (Precept)	2,571,156			
Demographics pressures due to general trends and price as well as transitions of children joining adult service areas		2,340,000	2,158,000	2,330,000
	2,571,156	**2,340,000**	**2,158,000**	**2,330,000**
Budget	**86,824,504**	**83,753,204**	**80,750,404**	**78,583,404**

Adults & Safeguarding Committee

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Care Quality	1,061,943	1,074,603	1,074,603
Customer Care	748,382	348,725	234,275
Integrated care - LD & MH	38,533,652	40,527,390	40,587,214
Integrated care - OP & DP	35,610,181	35,665,124	35,609,356
Safeguarding	731,111	733,091	603,751
Social Care Management	595,910	411,845	411,845
Adults Social Care	**77,281,179**	**78,760,778**	**78,521,044**
Community Well-being	(1,063,790)	391,460	549,070
Customer Finance	785,999	827,189	719,079
Performance & Improvement	1,024,365	767,135	575,755
Prevention & Well Being	3,603,173	5,445,112	5,014,882
Community Well-being	**4,349,747**	**7,430,896**	**6,858,786**
Dir Adult Soc Serv & Health	185,200	186,440	186,440
Dir Adult Soc Serv & Health	**185,200**	**186,440**	**186,440**
Adults and Health	1,000,681	1,258,234	1,258,234
Strategic Commissioning	**1,000,681**	**1,258,234**	**1,258,234**
Adults & Safeguarding Committee	**82,816,807**	**87,636,348**	**86,824,504**

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Asset Capital Accg Charges	1,000	1,000	1,000
Capital Financing	0	(161,336)	(27,514)
Employee Related	13,376,912	16,421,761	15,203,709
Premises Related	64,025	49,068	49,068
Secondary Recharges	23,150	57,553	57,553
Supplies/Services	6,887,607	10,184,431	9,784,431
Third Party Payments	76,760,182	75,088,451	75,577,527
Transfer Payments	6,862,732	14,372,999	14,372,999
Transport Related	1,231,197	1,282,389	1,282,389
Expenditure	**105,206,805**	**117,296,316**	**116,301,162**
Customer & Client Receipts	(12,227,147)	(11,069,875)	(10,886,565)
Government Grants	(62,300)	(2,304,094)	(2,304,094)
Other Grants, Reimbursements & Contributions	(10,100,551)	(16,285,999)	(16,285,999)
Income	**(22,389,998)**	**(29,659,968)**	**(29,476,658)**
Adults & Safeguarding Committee	**82,816,807**	**87,636,348**	**86,824,504**

Budget Summary and Forward Plan

Assets, Regeneration & Growth	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Base Budget	6,156,615	(2,509,656)	(8,871,656)	(14,003,656)
Virements	(6,413,271)			
	(256,656)	**(2,509,656)**	**(8,871,656)**	**(14,003,656)**
Efficiencies				
The current Medium Term Financial Strategy for 2014-16 already includes approximately £3m per annum of savings on the cost of office accommodation arising from the exit of North London Business Park Building 4 and the transfer of staff into vacant space in Barnet House and North London Business Park Building 2. Current plans suggest that the total saving from the exit of Building 4 could be more than £3m per annum subject to confirmation of costs of moving and wear and tear. This, along with further savings that could arise as part of a move to Colindale, would generate further savings of approximately £1m per annum by 2017. In addition, changes to the Council's wider estate and opportunities to generate greater income on the commercial portfolio are expected to generate income and savings totalling £1m by 2017.		(2,000,000)		
	0	**(2,000,000)**	**0**	**0**
Service Reductions				
	0	**0**	**0**	**0**
Service Redesign				
	0	**0**	**0**	**0**
Reducing Demand, Promoting Independence				
	0	**0**	**0**	**0**

Assets, Regeneration & Growth	2016/17 £	2017/18 £	2018/19 £	2019/20 £
<u>Growth and Income</u>				
The Council's regeneration schemes are projecting and increase in Council Tax and Business Rates over the period 2016- 2020. This increase is above current baseline predictions, so can be used to support the Council's budget.	(2,253,000)	(3,362,000)	(5,132,000)	(48,000)
A number of development opportunities are being considered that are not included in the current regeneration programme, which could create additional capital receipts that would reduce the Council's future borrowing requirements. They could also generate additional Council Tax revenues. Finally, they could generate rents or dividends through the Council taking a development role, either directly or via a Joint Venture. These proposals will come forward through the Assets, Regeneration and Growth Committee.		(1,000,000)		
	(2,253,000)	**(4,362,000)**	**(5,132,000)**	**(48,000)**
<u>Pressures</u>				
	0	**0**	**0**	**0**
Budget	**(2,509,656)**	**(8,871,656)**	**(14,003,656)**	**(14,051,656)**

Assets, Regeneration & Growth

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Building Services	(268,835)	(67,110)	(268,835)
Estates	6,375,930	6,776,045	6,470,830
Customer Support Group	**6,107,095**	**6,708,935**	**6,201,995**
RE Guaranteed Income	0	(6,721,607)	(6,633,607)
RE Projects	49,520	0	0
Re Managed Budgets	**49,520**	**(6,721,607)**	**(6,633,607)**
Growth & Development	0	308,984	174,956
Strategic Commissioning	**0**	**308,984**	**174,956**
Assets, Regeneration & Growth	**6,156,615**	**296,312**	**(256,656)**
Additional income from Council Tax			(2,253,000)
Assets, Regeneration & Growth Total			**(2,509,656)**

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Capital Financing	0	(149,071)	0
Employee Related	0	736,190	319,063
Premises Related	6,709,210	6,776,045	6,779,430
Secondary Recharges	0	(278,135)	(119,427)
Supplies/Services	49,520	3,431,433	3,431,433
Expenditure	**6,758,730**	**10,516,462**	**10,410,499**
Customer & Client Receipts	(602,115)	(6,788,717)	(7,235,722)
Other Grants, Reimbursements & Contributions	0	(3,431,433)	(3,431,433)
Income	**(602,115)**	**(10,220,150)**	**(10,667,155)**
Assets, Regeneration & Growth	**6,156,615**	**296,312**	**(256,656)**
Additional income from Council Tax			(2,253,000)
Assets, Regeneration & Growth Total			**(2,509,656)**

Budget Summary and Forward Plan

Children's Education, Libraries & Safeguarding	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Base Budget	53,945,241	53,847,107	51,398,559	50,110,522
Virements	1,972,866			
	55,918,107	**53,847,107**	**51,398,559**	**50,110,522**
Efficiencies				
Budget proposals for 2016-20 include efficiency savings on third party contracts. The overall budget has extra built in to allow for increases in the prices charged by suppliers. This savings would be achieved by improving contract management and negotiating better rates across a range of services.	(381,000)	(135,000)	(134,000)	(188,000)
Proposal to save money by commissioning different models of service delivery and ceasing contracts, improved contract management and negotiating better rates. The contracts include Independent Reviewing Officers, early intervention commissioned services and recently concluded procurements.	(285,000)			
Proposal to reduce spending on work related travel and on agency staff. This includes a small reconfiguration of some back office functions. The recruitment and retention approach being implemented in Family Services will support the reduction in agency spend; there are opportunities to save money on travel through purchasing arrangements and better planning of required travel. The savings are in the context of significant reductions in the workforce in the past year.		(180,000)	(231,000)	(146,000)
	(666,000)	**(315,000)**	**(365,000)**	**(334,000)**

Children's Education, Libraries & Safeguarding	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Service Reform				
Savings through implementing an Early Years Review aimed at ensuring early years services function effectively in the face of limited resources. Use of public health grant to fund service levels above the statutory minimum (£1.5m), intervening early before needs escalate.	(550,000)	(506,000)	(535,000)	(74,000)
Proposal to reconfigure Early Years, building on the locality model and further integrating services. The integration of services will include looking at different ways of delivering some elements of the Healthy Child Programme through Children's Centres.				(850,000)
Developing an alternative approach to providing library services by maintaining the size of the libraries network and increasing opening hours through the use of technology. £546k of this is income generated for Family Services through Estates Services.	(194,000)	(1,907,000)	(25,000)	(151,000)
Following the implementation of the libraries review the implementation will be monitored to see if additional income over and above the present model is being delivered. If not alternative savings will need to be found				(573,000)
Developing joined up Child and Adolescent Mental Health provision with neighbouring boroughs enabling a saving through re-commissioning the externally commissioned service.		(200,000)		
Proposal to remodel the Council's existing youth service, alongside the development of a youth zone, to secure economies of scale and to realise opportunities to generate income.				(800,000)
	(744,000)	**(2,613,000)**	**(560,000)**	**(2,448,000)**

Children's Education, Libraries & Safeguarding	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Shared services models				
Create an alternative way to deliver the Education and Skills service that currently provides school improvement support, school admissions, support for children with special educational needs, post-16 support and school catering. By developing a new service delivery model in partnership with schools, there is an opportunity to grow and develop services rather than reduce them.	(85,000)	(160,000)	(255,000)	(350,000)
The Council will look at emerging best practice across the country to ensure the highest quality of purposeful social work and wider children's service, with a focus on targeted early intervention and prevention. Professionally lead by children's workers, the approach may include established practice models such as a not for profit charitable trust or a Community Interest Company. Early evidence suggests that these models, by focussing on effective practice, have achieved greater productivity and delivered efficiencies. The integration of the delivery of services with other local London Boroughs will also be considered.				(800,000)
Government is proposing for all adoption agencies to move to a regional model of provision. Savings would come from regionalisation of adoption and integrating services across London.			(150,000)	
	(85,000)	**(160,000)**	**(405,000)**	**(1,150,000)**
Reducing Demand, Promoting Independence				
Reduce cost of placements for children in care by growing and strengthening the in-house foster care service; intervening early to prevent placement breakdown, transitioning placements from residential to foster care, and ensuring provision of high quality, competitively priced residential placements in appropriate locations. By 2019 Barnet will have one of the largest proportions of children in care placed with in-house foster carers in the country.	(131,000)	(144,000)	(149,000)	(69,000)
Additional social care demand management. This will focus on considering new models for social care practice. These approaches include a focus on preventing periods of accommodation for children and preventing escalation of needs.			(440,000)	(1,267,000)
	(131,000)	**(144,000)**	**(589,000)**	**(1,336,000)**

Children's Education, Libraries & Safeguarding	2016/17 £	2017/18 £	2018/19 £	2019/20 £
<u>Income Generation</u>				
Through the development of a proposed new Delivery model for Education and Skills services in Barnet there will be a contractual requirement for a gainshare of profits from the trading of services externally. The council's share of any surplus that is available through Gainshare will be allocated as savings achieved as a result of the growth in services. This is over and above the agreed contractual savings.				(300,000)
Through the development of the 0-25 integrated service savings through appropriate allocation of education costs for joint placements for children under the age of 18.	(250,000)	(250,000)	(250,000)	(250,000)
At present the council funds support for Child and Adolescent Mental Health provision in Primary and Secondary schools. It is proposed to remove that investment and develop a more bespoke traded service enabling schools to access required support where necessary.		(430,000)		
It is proposed to fund children's substance misuse services with the public health grant to support joined up delivery with wider public health services.	(45,000)			
Government is, at present, consulting on a range of proposals to change the approach for people with No Recourse to Public funds. In light of these proposals there will be an opportunity to reduce spending in this area. Proposals to reduce spending on No Recourse to Public Funds will not affect any new asylum seeking families who are likely to receive support from the Government.			(227,000)	
As part of the on-going work to develop an integrated 0-25 year service, the council will ensure that all eligible children with disabilities and other limiting conditions are receiving continuing care funding from the NHS to better meet their health and care needs.	(150,000)	(150,000)	(200,000)	
	(445,000)	**(830,000)**	**(677,000)**	**(550,000)**

Children's Education, Libraries & Safeguarding	2016/17 £	2017/18 £	2018/19 £	2019/20 £
<u>Pressures</u>				
Due to increases in complex cases the demand for services is increasing. Social Care placement costs are being driven by an increase in external placement costs.		600,000	400,000	200,000
Demographic pressures on 0 to 17 age group based on current placement costs and trends		1,013,452	907,964	1,195,912
	0	**1,613,452**	**1,307,964**	**1,395,912**
Budget	**53,847,107**	**51,398,559**	**50,110,522**	**45,688,434**

Children, Education, Libraries & Safeguarding

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Adoption	1,173,370	1,447,010	1,447,010
Children in Care Teams	733,470	903,375	905,605
Children's Homes	1,469,520	1,492,600	1,491,970
CSC Specialist Service	308,410	138,730	138,730
Disabled Children	1,978,630	2,212,120	2,212,140
Duty and Assessment	1,682,850	1,895,460	1,897,950
Family Resources Centre	652,580	642,557	642,557
Fostering	3,336,148	3,437,935	3,437,935
Intake and Assessment	272,050	304,090	304,090
Interventation and Planning	1,937,880	3,057,480	3,060,220
Kinship	1,872,062	1,754,690	1,754,690
Onwards & Upwards	1,651,140	1,496,820	1,496,820
Placements	10,740,060	9,869,530	9,338,530
Safeguarding & Quality	1,087,175	1,306,675	1,306,675
Social Care Management	960,310	1,174,958	1,174,958
Children Social Care	**29,855,655**	**31,134,030**	**30,609,880**
Business & Finance Support	1,378,319	1,652,324	1,571,254
Childcare	0	16,270	16,270
Children's Centres	1,216,760	1,643,870	1,533,830
Children's Centres Devolved	1,832,374	1,633,244	1,282,374
Commissioning Management	96,640	112,100	112,100
Communication & Complaints	513,318	739,890	739,890
Community Engagement	62,560	124,995	124,995
Early Years	680,580	464,400	385,940
Early Years Devolved	70,030	71,340	71,340
Early Years Management	86,920	36,400	4,730
Family Focus	609,245	747,960	747,960
Libraries	4,513,630	4,639,820	4,437,940
Performance & Data Management	692,180	757,582	757,582
Positive Activities	258,560	269,170	269,170
Skills, Sports & Play	151,210	152,600	152,440
StrategyInsight & Commisioning	750,345	834,842	625,842
Targeted Youth Support	1,362,745	1,183,580	1,143,580
WF & Commuity Engagement Mgt	0	123,000	123,000
Workforce Development	497,090	483,585	483,585
YOS	703,470	681,850	681,850
Youth & FS Mgt	0	81,470	81,470
Youth Centres & Equipment	148,810	146,664	146,444
Early Intervention & Prevention	**15,624,786**	**16,596,956**	**15,493,586**
DSG Deactivated Codes	230,166	16,756	10,780
Edu Partnership&Commercial DSG	282,490	282,490	282,490
School Improvement DSG	733,171	730,510	731,950
Schools Funding	0	(475,000)	0
SEND & Inclusion DSG	(7,290,407)	(7,030,113)	(7,647,700)
Education (DSG)	**(6,044,580)**	**(6,475,357)**	**(6,622,480)**

Children, Education, Libraries & Safeguarding

Education & Skills Management	(499,986)	(529,556)	6,939,683
ES Deactivated Codes	320,020	0	0
Education Management Team	**(179,966)**	**(529,556)**	**6,939,683**
Early Years DSG	5,269,850	5,700,627	5,847,750
Family Support DSG	336,040	336,040	336,040
Intake and Assessment DSG	285,540	285,540	285,540
Perm,Transit & Corp Parent DSG	153,150	153,150	153,150
Family Services DSG	**6,044,580**	**6,475,357**	**6,622,480**
Family Services Management	524,410	745,207	383,757
FS Deactivated Codes	1,712,213	0	(6,560)
Family Services Management	**2,236,623**	**745,207**	**377,197**
14-19 Learning Partnership	353,740	305,690	0
Catering	(190,470)	(131,970)	0
Education Partner & Comm Mgt	481,259	621,339	0
Education Psychology	452,580	591,570	0
Placement & Transport Mgt	3,867,064	4,426,510	0
School Monitoring Management	813,380	817,192	128,530
School Traded Services	5,530	16,780	0
SEN Monitoring & Review	574,330	1,164,548	0
Traded services	(25,400)	(19,090)	0
Inclusion & Skills	**6,332,013**	**7,792,569**	**128,530**
Nursery Schools Direct Management	946,054	946,054	946,054
Nursery Schools Direct Management	**946,054**	**946,054**	**946,054**
Primary Schools Direct Management	10,026,824	10,026,824	10,026,824
Primary Schools Direct Management	**10,026,824**	**10,026,824**	**10,026,824**
PRUs Direct Management	64,486	64,486	64,486
PRUs Direct Management	**64,486**	**64,486**	**64,486**
Blocked Costcentres SDM	(13,425,565)	(13,425,565)	(13,425,565)
Secondary Schools Direct Management	1,834,000	1,834,000	1,834,000
Secondary Schools Direct Management	**(11,591,565)**	**(11,591,565)**	**(11,591,565)**
Special Schools Direct Management	554,201	554,201	554,201
Special Schools Direct Management	**554,201**	**554,201**	**554,201**
Children & Young people	76,130	365,245	298,231
Strategic Commissioning	**76,130**	**365,245**	**298,231**
Children, Education, Libraries & Safeguarding	**53,945,241**	**56,104,451**	**53,847,107**

Children, Education, Libraries & Safeguarding

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Capital Accounting Charges	(11,708,576)	(10,721,656)	(11,708,576)
Capital Financing	(1,445,391)	(1,469,100)	(2,145,990)
Employee Related	199,114,586	201,579,783	190,532,335
Premises Related	14,326,596	14,951,872	14,233,486
Secondary Recharges	303,390	587,448	68,160
Supplies/Services	46,042,643	41,082,146	52,628,934
Support Services	10,619,980	11,963,921	10,619,980
Third Party Payments	40,849,979	42,406,654	43,054,950
Transfer Payments	(1,816,688)	591,937	3,006,658
Transport Related	3,439,079	3,951,542	960,160
Expenditure	**299,725,598**	**304,924,547**	**301,250,097**
Customer & Client Receipts	(24,092,224)	(27,871,354)	(23,542,987)
Government Grants	(215,051,964)	(214,300,263)	(217,614,604)
Other Grants, Reimbursements & Contributions	(6,636,169)	(6,648,479)	(6,245,399)
Income	**(245,780,357)**	**(248,820,096)**	**(247,402,990)**
Children, Education, Libraries & Safeguarding	**53,945,241**	**56,104,451**	**53,847,107**

Budget Summary and Forward Plan

Community Leadership	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Base Budget	2,372,352	2,259,420	2,259,420	2,259,420
Virements	(103,932)			
	2,268,420	**2,259,420**	**2,259,420**	**2,259,420**
Efficiencies				
Non-renewal of the Council's annual subscription to MOSIAC customer data segmentation programme. MOSIAC is software which allows the Council to model population growth and preferences to help inform policy development. The Customer and Support Group Insight Team uses an identical programme called Call Credit. The proposal is not to renew the subscription to MOSIAC in order to avoid duplication and confusion by using two similar programmes and generate a saving in the process.	(9,000)			
	(9,000)	**0**	**0**	**0**

Community Leadership	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Service Reductions				
	0	**0**	**0**	**0**
Service Redesign				
There is a potential equalities impact and this will be kept under review as proposals develop				(243,000)
	0	**0**	**0**	**(243,000)**
Reducing Demand, Promoting Independence				
	0	**0**	**0**	**0**
Growth and Income				
	0	**0**	**0**	**0**
Pressures				
	0	**0**	**0**	**0**
Budget	**2,259,420**	**2,259,420**	**2,259,420**	**2,016,420**

Community Leadership Committee

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Births Deaths & Marriages	(160,530)	(159,890)	(159,890)
Births Deaths & Marriages	**(160,530)**	**(159,890)**	**(159,890)**
Community Safety	0	0	0
Community Well-being	**0**	**0**	**0**
Finance	181,571	181,571	181,571
Deputy Chief Operating Officer	**181,571**	**181,571**	**181,571**
Governance	9,240	9,240	7,240
Governance	**9,240**	**9,240**	**7,240**
Environment	1,923,314	1,876,009	1,867,009
Strategic Commissioning	**1,923,314**	**1,876,009**	**1,867,009**
Communications	418,757	363,490	363,490
Strategy & Communications	**418,757**	**363,490**	**363,490**
Community Leadership Committee	**2,372,352**	**2,270,420**	**2,259,420**

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Capital Financing	(15,000)	(15,000)	(15,000)
Employee Related	1,621,151	1,495,389	1,495,389
Premises Related	37,980	37,950	37,950
Secondary Recharges	(20,910)	2,950	2,950
Supplies/Services	985,857	969,607	958,607
Third Party Payments	646,218	646,218	646,218
Transport Related	6,880	6,880	6,880
Expenditure	**3,262,176**	**3,143,994**	**3,132,994**
Customer & Client Receipts	(575,400)	(575,400)	(575,400)
Government Grants	(252,924)	(236,674)	(236,674)
Other Grants, Reimbursements & Contributions	(61,500)	(61,500)	(61,500)
Income	**(889,824)**	**(873,574)**	**(873,574)**
Community Leadership Committee	**2,372,352**	**2,270,420**	**2,259,420**

Budget Summary and Forward Plan

Environment	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Base Budget	20,913,599	38,242,322	37,134,322	36,117,322
Virements	19,053,723			
	39,967,322	**38,242,322**	**37,134,322**	**36,117,322**
Efficiencies				
Contract Negotiations: There is a potential opportunity for additional savings from the Re contract, or for additional income to be generated from these contracts over and above the contractual guarantee. £500k represents about 5% of the gross spend on Re services, and it is considered that this is a realistic target for additional savings for 2018/19 as part of the mid term contract review.			(500,000)	
Reduction in highways reactive maintenance costs: The Council has invested £50 million in planned maintenance for a five year period from 2015/16. It is anticipated that the investment will reduce on-going reactive maintenance costs. The proposal will be supported by increased enforcement action against builders and developers who damage the highway by enforcing the Council's policy on footway parking.				(550,000)
Improving fleet efficiency: The service will continue to reduce the unit cost of maintenance by making procurement processes more competitive and increasing the effectiveness and efficiency of the fleet e.g. through increased preventative maintenance resulting in fewer unplanned repairs. The savings are based on the complete London Borough of Barnet fleet.	(125,000)			
Service changes and Community Engagement Regarding Parks Services: Under this proposal the management of bowling greens would transfer from the council's responsibility to a range of locally-based community organisations, the delivery of annual bedding planting would either cease or transfer to "adopt a place" schemes. In addition, officers will look to return areas of parks and open spaces to "natural" areas and so reduce the level of maintenance as well as revising highway grass cutting frequencies and improving scheduling	(50,000)	(345,000)		

Environment	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Re-procure the Parking Contract: The current contract for parking and enforcement services is due to expire in 2017. A decision to re-procure the service will allow further cost savings to be identified through sharing services with partnering authorities, making contract management savings using varied specifications or through investing in modern IT systems.			(150,000)	
Street lighting Savings: The current street lighting contract requires the contractor to maintain quality standards relating to lighting levels. Officers will look to reduce management costs by sharing client and back office functions with the London Borough of Enfield and work with the contractor to reduce maintenance costs. Officers will also look at opportunities to reduce energy costs and mitigate the impact of future energy price increases.	(200,000)			
Household Waste Recycling Centre to transfer to NLWA: Under this proposal the ownership on a lease and management of the Summers Lane Recycling Centre has been transferred to the North London Waste Authority.	(80,000)			
Increased Productivity and Reduction of Overheads: Restructure of the Street Scene business model - options may include a social enterprise, mutual, shared service or outsourcing for Waste, Recycling, Street Cleansing and Grounds Maintenance services. A decision about a future alternative model will be subject to a full detailed business case and options appraisals, including a comparison with the costs and quality of the in-house service.		(250,000)	(450,000)	

Environment	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Creation of a shared mortuary service: The council has developed a shared service arrangement with neighbouring boroughs to deliver operational efficiencies, raise revenue by disposing of the Finchley Mortuary at a competitive price and continue to maintain a high standard of service.	(45,000)			
Review of Street Cleansing Services: Reduction in Street Cleansing frequencies by reducing overall number of operational teams. Detailed proposals will determine areas that might be suitable for reductions including :- Fly-tip frequencies, frequency of Deep Cleanse, extension of litter picking and monitoring intervals and Town Centre servicing. There will be a corresponding change to levels of supervision including utilising the latest technology to design better routes and monitor them more effectively. Officers will introduce an increased level of enforcement activity to reduce the need for street cleansing in areas of littering and fly tipping and greater use will be made of people serving community sentences.	(150,000)	(600,000)		
	(650,000)	**(1,195,000)**	**(1,100,000)**	**(550,000)**
Service Reductions				
	0	**0**	**0**	**0**
Service Redesign				
	0	**0**	**0**	**0**

Environment	2016/17 £	2017/18 £	2018/19 £	2019/20 £
<u>Reducing Demand, Promoting Independence</u>				
Movement to menu pricing within the North London Waste Authority and waste disposal diversion projects: The current cost of waste disposal is based on a long-standing system where each Council pays an average price per tonne in proportion to its relative size. This payment is made two years in arrears. The introduction of menu pricing will see the Council pay a price per tonne specifically for the type and volume of waste sent for disposal within the year that the disposals occurs. This will incentivise Councils to minimise waste and will generate a saving based on Barnet sending less waste for disposal compared with other members of the North London Waste Authority. Future waste diversion savings are reliant on demand management projects, changes to collection services and the success of communications campaigns.	(1,900,000)	(500,000)	(100,000)	(100,000)
Revised waste offer to increase recycling: The planned ending of central Government support for weekly refuse collection will necessitate a revised waste collection offer to residents that will need to focus on the delivery of challenging recycling targets. The Council collects residual waste, recyclables, and food waste from all households. The proposal is for a comprehensive and targeted communications and engagement campaign which aims to change resident behaviours and drive up recycling rates in order to reduce collection and disposal costs. This includes making it easier to recycle food waste and compulsory recycling of dry and food waste; increasing recycling in flats by working with managing agents to identify the most suitable mix of containers and limiting the capacity for residual waste. The proposals will be supported by small scale pilot projects, incentive schemes and targeted communications projects. However it may become necessary to go to alternate weekly collection if recycling rates continue to plateau and/or the savings identified are not realised.	(31,000)	(50,000)	(200,000)	(200,000)
Increased Productivity and Reduction of Overheads: Develop a range of alternative management models for parks and open spaces including trusts, management by friends groups and volunteers. Ensure that all costs are recovered from External Agencies such as Barnet Homes and ensure that suitable specifications are in place.	(100,000)		(100,000)	(100,000)
	(2,031,000)	**(550,000)**	**(400,000)**	**(400,000)**

Environment	2016/17 £	2017/18 £	2018/19 £	2019/20 £
<u>Growth and Income</u>				
Invest in 3G Pitches (x3): This proposal will see the Council secure additional investment (in partnership with funding bodies such as The Football Foundation) in modern 3G sports pitches across the borough. The Council will benefit from a mechanism for sharing the additional income generated from new pitches with any delivery partner.			(100,000)	
Income generation from Non-Statutory Waste Services: A challenging income generation target across a range of chargeable services including but not limited to: bulky waste collection, special collections, additional collections, and the identification of new services where charging the user more in order to offset the impact of wider budget reductions is appropriate. To be delivered through a fundamental review of all transactional services e.g. development of the trade and commercial waste services including recycling and a review of commercial activity to identify new or improved income opportunities. Further work to be done with commercial waste to both obtain contracts and offer recycling services.	(50,000)	(200,000)	(300,000)	(1,000,000)
Reduce Demand for Services through targeted enforcement and Education - increase the investment in enforcement and public communication activities to reduce the amount of fly tipping, littering and ASB - provides a reduction in overall operating costs and a small revenue stream above investment costs.		(25,000)	(25,000)	
Improve service Efficiencies to Reduce Growth Demand: Current budget forecasts include growth related to the new developments to waste collection and recycling service. Service efficiencies will be introduced to absorb additional work within the current workforce	(360,000)	(75,000)		
	(410,000)	**(300,000)**	**(425,000)**	**(1,000,000)**
<u>Pressures</u>				
Major developments in the western part of the borough mean higher waste support needs			150,000	210,000
North London Waste Authority (NLWA) levy increased pressure	1,366,000	937,000	758,000	1,035,000
	1,366,000	**937,000**	**908,000**	**1,245,000**
Budget	**38,242,322**	**37,134,322**	**36,117,322**	**35,412,322**

Environment Committee

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Business Improvement	335,131	264,227	264,227
Business Improvement	**335,131**	**264,227**	**264,227**
Mortuary	141,010	144,070	99,070
Transport	(178,820)	(199,030)	(327,530)
Contract Management	**(37,810)**	**(54,960)**	**(228,460)**
Green Spaces	4,711,982	4,631,022	4,329,682
Green Spaces	**4,711,982**	**4,631,022**	**4,329,682**
Highway Inspection/Maintenance	382,007	353,727	353,727
Parking	(457,750)	(457,750)	(457,750)
Parking & Infrastructure	**(75,743)**	**(104,023)**	**(104,023)**
Street Cleansing	3,750,550	3,597,450	3,526,540
Parks, Street Cleaning & Groun	**3,750,550**	**3,597,450**	**3,526,540**
RE Guaranteed Income	0	(7,750,176)	(7,750,176)
RE Managed Budgets	1,095,332	1,144,852	1,056,852
Re Managed Budgets	**1,095,332**	**(6,605,324)**	**(6,693,324)**
RE Management Fee	(414,655)	14,738,568	14,738,568
Re Management Fee	**(414,655)**	**14,738,568**	**14,738,568**
Special Parking Account	0	0	0
Special Parking Account	**0**	**0**	**0**
Environment	0	10,813,950	10,181,936
Strategic Commissioning	**0**	**10,813,950**	**10,181,936**
Street Lighting	6,294,912	6,423,502	6,223,502
Street Lighting	**6,294,912**	**6,423,502**	**6,223,502**
Street Scene Management	649,661	652,091	652,091
Street Scene Management	**649,661**	**652,091**	**652,091**
Recycling	69,810	1,117,858	1,021,398
Trade Waste	(1,622,851)	(1,921,985)	(1,929,805)
Waste	6,157,280	6,724,730	6,259,990
Waste & Recycling	**4,604,239**	**5,920,603**	**5,351,583**
Environment Committee	**20,913,599**	**40,277,106**	**38,242,322**

Environment Committee

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Asset Capital Accg Charges	28,700	18,700	18,700
Capital Accounting Charges	7,420,775	7,122,445	8,052,445
Employee Related	14,717,449	15,487,867	14,645,083
Premises Related	1,690,255	1,646,415	1,646,415
Secondary Recharges	(9,032,978)	(9,463,462)	(9,360,462)
Supplies/Services	28,128,511	45,775,537	44,941,537
Third Party Payments	383,260	4,945	4,945
Transport Related	9,828,728	9,835,228	9,693,228
Expenditure	**53,164,700**	**70,427,675**	**69,641,891**
Customer & Client Receipts	(28,296,786)	(27,103,244)	(28,352,244)
Government Grants	(1,832,000)	(1,762,000)	(1,762,000)
Interim Budgets	(1,285,325)	(1,285,325)	(1,285,325)
Other Grants, Reimbursements & Contributions	(836,990)	0	0
Income	**(32,251,101)**	**(30,150,569)**	**(31,399,569)**
Environment Committee	**20,913,599**	**40,277,106**	**38,242,322**

Budget Summary and Forward Plan

Housing Committee	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Base Budget	3,953,609	4,698,069	4,698,069	4,698,069
Virements	744,460			
	4,698,069	**4,698,069**	**4,698,069**	**4,698,069**
Efficiencies				
	0	**0**	**0**	**0**
Service Reductions				
	0	**0**	**0**	**0**
Service Redesign				
	0	**0**	**0**	**0**
Reducing Demand, Promoting Independence				
	0	**0**	**0**	**0**

Housing Committee	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Income				
	0	0	0	0
Pressures				
	0	0	0	0
Budget	4,698,069	4,698,069	4,698,069	4,698,069

Housing Committee

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Housing Needs Resources	3,953,609	4,975,749	4,975,749
Housing Needs Resources	**3,953,609**	**4,975,749**	**4,975,749**
HRA Other Income & Expenditure	5,284,086	5,284,086	5,284,086
HRA Regeneration	1,027,770	1,027,770	1,027,770
HRA Surplus/Deficit for the year	(6,231,496)	(6,231,496)	(6,231,496)
Interest on Balances	(80,360)	(80,360)	(80,360)
HRA	**0**	**0**	**0**
RE Guaranteed Income	0	(277,680)	(277,680)
Re Managed Budgets	**0**	**(277,680)**	**(277,680)**
Housing Committee	**3,953,609**	**4,698,069**	**4,698,069**

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Asset Capital Accg Charges	12,866,805	12,866,805	12,866,805
Asset Capital Financing	820,000	820,000	820,000
Capital Accounting Charges	12,953,699	12,953,699	12,953,699
Capital Financing	6,688,827	6,538,827	6,538,827
Employee Related	615,940	611,210	611,210
Premises Related	8,039,390	8,039,220	8,039,220
Secondary Recharges	0	140	140
Supplies/Services	21,411,636	21,587,636	21,587,636
Support Services	576,410	576,410	576,410
Third Party Payments	17,931,072	18,957,972	18,957,972
Expenditure	**81,903,779**	**82,951,919**	**82,951,919**
Customer & Client Receipts	(74,823,236)	(75,100,916)	(75,100,916)
Interest	(80,360)	(80,360)	(80,360)
Other Grants, Reimbursements & Contributions	(3,046,574)	(3,072,574)	(3,072,574)
Income	**(77,950,170)**	**(78,253,850)**	**(78,253,850)**
Housing Committee	**3,953,609**	**4,698,069**	**4,698,069**

Budget Summary and Forward Plan

Policy & Resources	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Base Budget	99,392,917	77,929,200	79,710,200	81,878,619
Virements	(20,371,717)			
	79,021,200	**77,929,200**	**79,710,200**	**81,878,619**
Efficiencies				
This proposal is to reduce the remaining Council IT spending that does not form part of the Customer & Support Group contract (approximately £1m per annum). This proposal would reduce this by approximately 10% in 2016/17.	(140,000)			
Budget proposals for 2016-20 include efficiency savings of approximately 2% per annum on third party contracts. This saving comes from Commissioning Group and Assurance contract spending, which include communications and engagement contracts, internal audit and insurance. The overall budget includes provision for price increases of 2.5% per annum, so this saving could be made either from keeping the costs of contracts stable, or through improved contract management and negotiation of better rates.	(62,000)	(46,000)	(45,000)	(44,000)
Budget proposals for 2016-20 include workforce efficiency savings of approximately 10% of the relevant staff budgets. As Government funding for council services continues to reduce, delivery units will need to review their workforce budgets to ensure that they can make the required savings. At this stage, it is expected that the 10% saving can be made without impacting on service delivery, but this assumption will need to be tested in the years to 2020. Corporate initiatives such as the review of terms and conditions and the unified pay project will support delivery units to achieve this saving. Delivery units will also need to review performance management, use of agency staff, management layers and productivity to ensure that this saving can be achieved.	(480,000)	(579,000)	(100,000)	

Policy & Resources	2016/17 £	2017/18 £	2018/19 £	2019/20 £
The bulk of this saving has already been achieved through a revised Scheme of Members Allowances that was agreed by Council on 15 July 2014. The new scheme of Allowances- reflecting the replacement of Cabinet and Scrutiny with eight theme committees- produced a saving of £90,358. In addition, a further £29,541 was saved as no Member may receive more than one Special Responsibility Allowance and some of the SRA paying posts were held by members already in receipt of an SRA. There are underspends in the budget that will fund the remaining savings of £100k.	(140,000)	(80,000)		
There are a number of opportunities to share services with other local authorities. These services include health and safety, emergency planning, insurance, internal audit and governance. In practice, this saving would involve shared management of these functions between Barnet and another local authority. Similar arrangements are already in place with Harrow Council, Brent Council and other bodies in respect of legal services and public health. No firm proposals are currently in place to deliver this saving, but options are being considered to ensure that this is deliverable before 2018.			(1,243,581)	
The Council is required to budget each year for costs associated with repaying the principle on borrowing costs. This is known as "minimum revenue provision", and is prescribed as part of CIPFA accounting guidance. A review has been undertaken of the Council's MRP calculation, and it concludes that the annual charge is £1m more prudent than is necessary. This dates back to the original calculation made when the current capital financing regime came into place in 2004. This approach has been agreed with the Council's external auditors and is still considered to be a prudent approach.	(1,000,000)			
Barnet Council revised its redundancy terms and conditions back in 2011 which led to a reduction in individual redundancy payments. This approach was consistent with many other councils at the time. This, along with a lower level of redundancies per annum (partly arising from the outsourcing of services to CSG and Re) means that the annual budget that the Council sets aside for redundancy can be reduced by £1.875m per annum.	(1,850,000)			
Reduction in spending on annual subscriptions and membership fees to organisations which the Council is currently a member of. A review of spending on annual subscriptions and membership fees is to take place in 2015. This will include recommendations on where to make savings.	(400,000)			

Policy & Resources	2016/17 £	2017/18 £	2018/19 £	2019/20 £
The Council sets aside a budget each year to fund future borrowing costs for additional capital expenditure. This budget is approximately 4.5% of additional capital costs. Over recent years, the Council has not borrowed to fund additional capital expenditure and used cash balances instead. In addition, the interest rate on loans is currently less than 4%, leading to an annual saving. If future borrowing costs remain below 4%, then a saving of £5m over the period to 2020 is achievable. If interest rates increase, then the Council will be able to generate additional interest income on deposits, so this saving would also be achievable.	(2,500,000)	(2,500,000)	(1,500,000)	(500,000)
The Customer Access Strategy will use insight about customers and their experiences to design improvements to the council's existing customer services model. It is expected that the strategy will identify a number of opportunities to make savings by directing customers away from face to face, increasing use of the Coventry contact centre, changing service standards and exploring possibilities for income generation.			(500,000)	
The Council entered into the Customer & Support Group contract for customer and back office services in the autumn of 2013. This contract will deliver a total £125m saving over a 10 year period. This includes a reduction in the cost of back office services of £70m, or £7m per annum (average across the contract). The contract price has already reduced by £6m per annum and forms part of the Councils existing budget and Medium Term Financial Strategy. A further reduction of £2m is anticipated (£1.5m guaranteed in the contract and £0.5m is an expectation of greater savings from the contract review at year 3) meaning that an additional saving can be included in the Council's budget for 2018/19 and 2019/20.			(1,000,000)	(1,000,000)
Reduction in Audit fees budget to reflect changes in current costs	(135,000)			
Insurance reduction as part of re-procurement in October 2015	(25,000)			
Senior Management Costs Saving				(1,000,000)
	(6,732,000)	**(3,205,000)**	**(4,388,581)**	**(2,544,000)**

Policy & Resources	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Service Reductions				
	0	**0**	**0**	**0**
Service Redesign				
	0	**0**	**0**	**0**
Reducing Demand, Promoting Independence				
Reduction in grants budget for London Councils Grants Scheme	(59,000)	(59,000)		
	(59,000)	**(59,000)**	**0**	**0**
Growth and Income				
Increasing Council Tax Support payments to 20%	(1,026,000)	(456,000)		
General Provision for inflation	4,406,000	4,484,000	4,562,000	4,642,000
Reduction / increase in Contingency budget for risks in service areas	(1,880,000)	(238,000)	703,000	3,843,000
Capital Financing		1,000,000	1,000,000	2,500,000
Increase in Concessionary Fares	227,000	255,000	292,000	346,000
	1,727,000	**5,045,000**	**6,557,000**	**11,331,000**
Pressures				
Demographics pressures due to general trends and price as well as transitions of children joining adult service areas	2,083,000			
Due to increases in complex cases the demand for services is increasing. Social Care placement costs are being driven by an increase in external placement costs.	950,000			
Demographic pressures on 0 to 17 age group based on current placement costs and trends	939,000			
	3,972,000	**0**	**0**	**0**
Budget	**77,929,200**	**79,710,200**	**81,878,619**	**90,665,619**

Policy and Resources

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Assurance Management	526,790	564,745	565,008
Assurance Management	**526,790**	**564,745**	**565,008**
Capital Financing	22,815,670	22,759,670	19,259,670
Car Leasing	2,210	2,210	2,210
Central Contingency	12,412,386	2,430,406	7,876,506
Corporate Fees & Charges	398,940	398,940	263,940
Corporate Subscriptions	314,220	314,220	314,220
Early Retirement	5,427,321	5,427,321	3,577,321
Levies	30,717,050	19,074,250	19,242,250
Local Area Agreement	105,000	105,000	105,000
Miscellaneous Finance	426,430	765,030	740,030
Central Expenses	**72,619,227**	**51,277,047**	**51,381,147**
Commercial	1,224,210	1,162,566	1,049,180
Commercial & Customer	**1,224,210**	**1,162,566**	**1,049,180**
Commissioning Group	635,974	0	0
Commissioning Group	**635,974**	**0**	**0**
CSG Management Fee	16,836,019	18,463,691	18,001,959
Estates	(2,121,349)	(3,236,811)	(2,084,399)
Other Managed	0	183,740	0
Customer Support Group	**14,714,670**	**15,410,620**	**15,917,560**
Finance	1,527,230	938,760	466,910
Information Management	796,853	879,623	879,623
Programme & Resources	691,013	781,853	918,103
Deputy Chief Operating Officer	**3,015,096**	**2,600,236**	**2,264,636**
Elections	423,055	391,880	348,195
Elections	**423,055**	**391,880**	**348,195**
Governance	2,301,540	2,366,250	2,136,260
Governance	**2,301,540**	**2,366,250**	**2,136,260**
HB Law	1,752,397	2,011,397	2,011,397
HB Law	**1,752,397**	**2,011,397**	**2,011,397**
Internal Audit & CAFT	849,818	866,658	736,070
Internal Audit & CAFT	**849,818**	**866,658**	**736,070**
Strategic Commissioning Board	705,070	767,950	767,950
Strategic Commissioning Board	**705,070**	**767,950**	**767,950**
Blocked Costcentres CSC	60	0	60
Commissioning Strategy	405,430	240,358	441,340
Communications	219,580	310,397	310,397
Strategy & Communications	**625,070**	**550,755**	**751,797**
Policy & Resources	**99,392,917**	**77,970,104**	**77,929,200**

Policy and Resources

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Capital Financing	36,437,296	26,455,316	28,401,416
Employee Related	13,281,087	13,200,838	11,176,837
Premises Related	1,091,160	771,080	1,019,600
Secondary Recharges	(646,152)	(2,050,839)	(1,352,593)
Supplies/Services	26,868,679	31,922,469	26,866,672
Third Party Payments	32,092,940	20,827,530	20,970,280
Transfer Payments	214,253,840	258,001,180	258,001,180
Transport Related	44,130	44,130	37,750
Expenditure	**323,422,980**	**349,171,704**	**345,121,142**
Customer & Client Receipts	(6,885,183)	(10,341,990)	(6,187,695)
Government Grants	(211,598,300)	(255,658,081)	(256,080,911)
Interest	(1,657,690)	(1,657,690)	(1,657,690)
Other Grants, Reimbursements & Contributions	(3,888,890)	(3,543,839)	(3,265,646)
Income	**(224,030,063)**	**(271,201,600)**	**(267,191,942)**
Policy & Resources	**99,392,917**	**77,970,104**	**77,929,200**

Central Expenses (Levies)

Levies	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016-17
	£	**£**	**£**
Other Establishments - Third part Payments			
Environment Agency	320,730	320,730	320,730
Lea Valley Regional Park	428,350	428,350	428,350
London Pension Funds	707,000	707,000	707,000
Traffic Control Signals Unit	519,400	519,400	519,400
Concessionary Fares	15,918,280	15,918,280	16,145,280
	17,893,760	**17,893,760**	**18,120,760**
Joint Authorities - Third Party Payments			
North London Waste Authority	11,642,800	11,642,800	0
Coroners Court	284,000	284,000	284,000
	11,926,800	**11,926,800**	**284,000**
Other Local Authorities - Third Party			
London Boroughs Grants	896,490	896,490	837,490
Total Levies	**30,717,050**	**30,717,050**	**19,242,250**

Budget Summary and Forward Plan

Public Health	**2016/17** **£**	**2017/18** **£**	**2018/19** **£**	**2019/20** **£**
Base Budget	14,335,000	18,544,000	18,544,000	18,544,000
Virements	4,209,000			
	18,544,000	**18,544,000**	**18,544,000**	**18,544,000**
Efficiencies				
	0	**0**	**0**	**0**
Service Reductions				
	0	**0**	**0**	**0**
Service Redesign				
	0	**0**	**0**	**0**
Reducing Demand, Promoting Independence				
	0	**0**	**0**	**0**

Public Health	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Income				
	0	0	0	0
Pressures				
	0	0	0	0
Budget	18,544,000	18,544,000	18,544,000	18,544,000

Public Health

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Public Health	14,335,000	15,835,000	18,544,000
Public Health	**14,335,000**	**15,835,000**	**18,544,000**
Public Health	**14,335,000**	**15,835,000**	**18,544,000**

	Original Estimate 2015/16	Current Estimate 2015/16	Original Estimate 2016/17
Third Party Payments	14,335,000	15,835,000	18,544,000
Expenditure	**14,335,000**	**15,835,000**	**18,544,000**
Public Health	**14,335,000**	**15,835,000**	**18,544,000**

Budget Summary and Forward Plan

Special Parking Account	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Base Budget	(7,420,775)	(8,052,445)	(8,322,445)	(8,562,445)
Virements	298,330			
	(7,122,445)	**(8,052,445)**	**(8,322,445)**	**(8,562,445)**
Efficiencies				
	0	**0**	**0**	**0**
Service Reductions				
	0	**0**	**0**	**0**
Service Redesign				
	0	**0**	**0**	**0**
Reducing Demand, Promoting Independence				
	0	**0**	**0**	**0**
Income				
Income generation from a full review of fees and charges across all Environmental Committee business areas. This will include making sure that all fees are collected.	(930,000)	(270,000)	(240,000)	(130,000)
	(930,000)	**(270,000)**	**(240,000)**	**(130,000)**
Pressures				
	0	**0**	**0**	**0**
Budget	**(8,052,445)**	**(8,322,445)**	**(8,562,445)**	**(8,692,445)**

Revenue Budget 2016-2017

Special Parking Account

	2015-2016	2015-2016	2016-2017
	Original Estimate	**Current Estimate**	**Original Estimate**
	£	**£**	**£**
Income			
Penalty Charge Notices	(6,635,010)	(6,615,010)	(6,615,010)
Permits	(2,220,000)	(2,220,000)	(2,550,000)
Pay & Display	(3,060,000)	(3,080,000)	(3,080,000)
CCTV Bus lanes	(870,000)	(870,000)	(1,470,000)
Total Income	(12,785,010)	(12,785,010)	(13,715,010)
Operating Expenditure	5,364,235	5,662,565	5,662,565
Net Operating Surplus	(7,420,775)	(7,122,445)	(8,052,445)
Add Capital Expenditure / Debt Charge			
Net Expenditure in Year	(7,420,775)	(7,122,445)	(8,052,445)
Balance brought forward	0	0	0
Appropriation to General Fund	7,420,775	7,122,445	8,052,445
Balance Carried Forward	0	0	0

The SPA is a ringfenced statutory account covering the estimated impact of implementing On-Street Parking and
Council on 4 November 1997 noted that the provision of further off-street parking places was unnecessary for the time
The net projected surplus on the SPA is available for implementation of parking schemes and as a general support for

HOUSING REVENUE ACCOUNT		
	2015/16	2016/17
	Original Budget	Original Budget
Income	£	£
Dwelling rents	(53,758,196)	(50,604,854)
Non-dwelling rents	(1,744,813)	(1,613,781)
Tenants Charges for services and facilities	(3,800,417)	(3,927,160)
Leaseholder Charges for Services and Facilities	(2,951,326)	(3,049,752)
Grants and other income	0	(1,274,486)
Total Income	**(62,254,752)**	**(60,470,033)**
Expenditure		
Repairs and Maintenance	7,550,000	7,701,000
Supervision and management		
General	13,962,664	14,503,736
Special	6,756,617	6,834,476
Rents, Rates, taxes and other charges	121,500	430,535
Depreciation and impairment of fixed assets	12,866,805	12,837,638
Contribution to Major Repairs Reserve	19,185,195	8,313,362
Impairment write off for HRA commercial properties	820,000	820,000
Debt Management Costs	6,688,827	7,413,628
Increase in bad debt provision	615,000	516,376
Total Expenditure	**68,566,608**	**59,370,752**
Net Cost of HRA Services	**6,311,857**	**(1,099,281)**
Interest and investment income	(80,360)	(147,197)
(Surplus) or deficit for the year on HRA services	**6,231,497**	**(1,246,477)**

Theme Committee							2015/16 Funding							
	2015-16	2016-17	2017-18	2018-19	2019-20	Total	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Development Reserve	Capital Reserve	Borrowing	Total 2015/16
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adults & Safeguarding	**4,450**	**5,886**	**15,914**			**26,250**	**3,202**		**641**	**207**		**150**	**250**	**4,450**
Asset, Regeneration and Growth	**42,124**	**55,747**	**50,180**	**22,380**	**5,700**	**176,131**	**739**					**23,729**	**17,656**	**42,124**
Children's Education, Libraries & safeguarding	**47,550**	**68,853**	**31,262**	**43,462**	**31,875**	**223,002**	**28,150**	**1,241**	**4,813**	**458**		**448**	**12,438**	**47,549**
Community Leadership		**208**				**208**								
Enviroment	**24,599**	**31,331**	**11,697**	**10,871**	**9,230**	**87,728**	**5,695**	**203**	**395**	**1,271**	**150**	**1,420**	**15,465**	**24,600**
Housing	**5,993**	**6,249**	**4,334**	**3,868**	**3,867**	**24,311**	**1,120**		**433**	**22**		**750**	**3,668**	**5,993**
Policy & Resources	**29,751**	**22,531**	**3,249**	**1,000**	**1,000**	**57,531**	**1,006**		**22,925**	**600**			**5,220**	**29,751**
Total - General Fund	**154,467**	**190,806**	**116,636**	**81,581**	**51,672**	**595,161**	**39,912**	**1,445**	**29,207**	**2,558**	**150**	**26,497**	**54,698**	**154,467**
Housing Revenue Account	**41,070**	**48,097**	**36,984**	**22,487**	**17,132**	**165,770**		**7,225**	**2,596**	**29,956**			**1,295**	**41,071**
Total - all services	**195,537**	**238,902**	**153,620**	**104,068**	**68,804**	**760,931**	**39,912**	**8,669**	**31,803**	**32,514**	**150**	**26,497**	**55,993**	**195,538**

Theme Committee	2016/17 Funding								2017/18 Funding							
	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Development Reserve	Capital Reserve	Borrowing	Total 2016/17	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Development Reserve	Capital Reserve	Borrowing	Total 2017/18
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adults & Safeguarding						**3,250**	**2,636**	**5,886**							**15,914**	**15,914**
Asset, Regeneration and Growth	**4,282**	**1,876**	**2,300**			**27,592**	**19,697**	**55,747**	**3,600**	**1,321**				**32,069**	**13,190**	**50,180**
Children's Education, Libraries & safeguarding	**20,942**	**4,564**	**1,694**			**2,470**	**39,183**	**68,853**	**16,096**	**3,251**				**1,270**	**10,645**	**31,262**
Community Leadership				**208**				**208**								
Enviroment	**5,555**	**1,898**	**343**	**574**	**90**	**275**	**22,595**	**31,331**	**1,500**		**10**	**887**			**9,300**	**11,697**
Housing	**1,629**	**1,416**	**100**				**3,104**	**6,249**	**1,066**		**48**			**52**	**3,168**	**4,334**
Policy & Resources	**1,648**		**13,435**			**1,500**	**5,948**	**22,531**			**23**				**3,226**	**3,249**
Total - General Fund	**34,056**	**9,754**	**17,872**	**782**	**90**	**35,087**	**93,162**	**190,805**	**22,262**	**4,572**	**81**	**887**		**33,391**	**55,443**	**116,636**
Housing Revenue Account	**280**	**1,114**	**6,127**	**21,151**			**19,423**	**48,096**	**4,720**	**650**	**4,195**	**21,292**			**6,127**	**36,984**
Total - all services	**34,336**	**10,869**	**23,999**	**21,934**	**90**	**35,087**	**112,585**	**238,900**	**26,982**	**5,222**	**4,276**	**22,179**		**33,391**	**61,570**	**153,620**

Theme Committee	2018/19 Funding								2019/20 Funding							
	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Development Reserve	Capital Reserve	Borrowing	Total 2018/19	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Development Reserve	Capital Reserve	Borrowing	Total 2019/20
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adults & Safeguarding																
Asset, Regeneration and Growth	4,100					7,150	11,130	22,380	1,100					4,500	100	5,700
Children's Education, Libraries & safeguarding	7,000	5,000				400	31,062	43,462	7,000	3,000					21,875	31,875
Community Leadership																
Enviroment	1,500		5	716			8,650	10,871	1,500		5				7,725	9,230
Housing	1,066					69	2,733	3,868	1,066						2,801	3,867
Policy & Resources							1,000	1,000							1,000	1,000
Total - General Fund	13,666	5,000	5	716		7,619	54,575	81,581	10,666	3,000	5			4,500	33,501	51,672
Housing Revenue Account		552	1,225	17,145			3,565	22,487				17,132				17,132
Total - all services	13,666	5,552	1,230	17,861		7,619	58,140	104,068	10,666	3,000	5	17,132		4,500	33,501	68,804

Theme Committee	Total Funding							
	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Development Reserve	Capital Reserve	Borrowing	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Adults & Safeguarding	3,202		641	207		3,400	18,800	26,250
Asset, Regeneration and Growth	13,821	3,197	2,300			95,040	61,773	176,131
Children's Education, Libraries & safeguarding	79,188	17,056	6,506	458		4,588	115,203	223,000
Community Leadership				208				208
Enviroment	15,750	2,102	759	3,449	240	1,695	63,735	87,729
Housing	5,947	1,416	581	22		871	15,474	24,311
Policy & Resources	2,654		36,383	600		1,500	16,394	57,531
Total - General Fund	120,563	23,771	47,170	4,944	240	107,094	291,379	595,161
Housing Revenue Account	5,000	9,540	14,143	106,677			30,410	165,770
Total - all services	125,563	33,311	61,313	111,620	240	107,094	321,789	760,931

							TOTAL CAPITAL FUNDING						
Adults & Safeguarding	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Investing in IT	3,045					**3,045**	2,447		141	207		250	**3,045**
Transformation Care Grant	5					**5**	5						**5**
Sport and Physical Activites	1,400	5,886	15,914			**23,200**	750		500		3,400	18,550	**23,200**
	4,450	**5,886**	**15,914**			**26,250**	**3,202**		**641**	**207**	**3,400**	**18,800**	**26,250**

							TOTAL CAPITAL FUNDING					
Assets, Regeneration & Growth	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
GF Regeneration		2,478				**2,478**			2,300		178	**2,478**
Mill Hill East	23	219	100	100	100	**542**					542	**542**
Outer London Fund - Cricklewood	108	45				**153**	153					**153**
Outer London Fund - North Finchley	34	186				**220**	220					**220**
BXC - Funding for land aquistion	21,000	15,000	22,969			**58,969**				58,969		**58,969**
Graham Park Regeneration -Building works												
Graham Park Regeneration -Infrastructure improvements	168	4,318	3,571	750		**8,807**	2,000	2,807		4,000		**8,807**
Colindale - Lanacre Ave/Aerodrome rd Junction	750	2,250	3,750	3,500	1,750	**12,000**	3,500	150		8,350		**12,000**
Colindale - Grahame park decant programme	500	4,200	1,750	250	250	**6,950**				6,950		**6,950**
West Hendon Highway Improvement	60	690	2,950	3,750	3,600	**11,050**	3,350			7,700		**11,050**
Town Centre	598	3,411	2,000	3,000		**9,009**	4,598	240		4,171		**9,009**
Thames Link Station	1,250	3,650				**4,900**				4,900		**4,900**
Office Build	6,890	19,300	13,090	11,030		**50,310**					50,310	**50,310**
Development pipeline	10,743					**10,743**					10,743	**10,743**
	42,124	**55,747**	**50,180**	**22,380**	**5,700**	**176,131**	**13,821**	**3,197**	**2,300**	**95,040**	**61,773**	**176,131**

							TOTAL CAPITAL FUNDING						
Children's Education, Libraries & safeguarding	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Modernisation - Primary & Secondary	3,903	726				**4,629**	3,431		192	2		1,003	**4,629**
Urgent Primary Places - Temporary Allocated	1,821	270	250			**2,341**	2,090					251	**2,341**
Millbrook Park (MHE)	373					**373**		216	157				**373**
Orion Primary School	459					**459**				7		452	**459**
Blessed Dominic/St James	200	1,763				**1,963**	200					1,763	**1,963**
Moss Hall	84					**84**						84	**84**
Brunswick	60					**60**			35			25	**60**
Menorah Foundation	1,830					**1,830**			905	100		825	**1,830**
St Marys and St Johns	1,085					**1,085**	465			300		320	**1,085**
Martin Primary	81					**81**		26				55	**81**
Oakleigh School	37					**37**						37	**37**
Beis Yakov	107					**107**						107	**107**
St Joseph's RC Junior & St Joseph's RC Infants School	1,986					**1,986**	1,957					29	**1,986**
Monkfrith	1,252	2,590				**3,842**	1,880					1,962	**3,842**
Wren Academy	4,826	2,415				**7,241**	2,946		297			3,998	**7,241**
London Academy	5,500	3,806				**9,306**	6,242					3,064	**9,306**
Oak Hill Campus	250					**250**	250						**250**
Permanent Secondary Expansion Programme													
Christ College	85	11				**96**	50					46	**96**
Copthall	106	326				**432**	432						**432**

							TOTAL CAPITAL FUNDING						
Children's Education, Libraries & safeguarding	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Compton	277					**277**	276					1	**277**
Oak Lodge Special School	1,741	4,026				**5,767**	2,187					3,580	**5,767**
Bishop Douglas	98					**98**	98						**98**
St Mary's & St John's	2,000					**2,000**	2,000						**2,000**
Infant Free School Meals Capital Fund	241					**241**	241						**241**
Other Projects													
Wave 1 - Whitings Hill	21	180				**201**						201	**201**
Wave 1 - Northway/Fairway	182	22				**204**			181			23	**204**
Primary Capital Programme	538					**538**			30			508	**538**
East Barnet & Project Faraday	101	463				**564**			140			424	**564**
Temporary Bulge Classes													
Primary Programme		11,000	9,000	6,000	4,000	**30,000**	22,482	268				7,250	**30,000**
Secondary Programme	3,500	10,500	1,000	15,000	19,000	**49,000**	11,000	1,238				36,762	**49,000**
SEN	5,850	2,000	2,000	2,000		**11,850**	1,462	1,000	2,426			6,962	**11,850**
Alternative Provision	4,000	4,000				**8,000**	7,000					1,000	**8,000**
Contingency	519	5,325	4,025	2,300	2,300	**14,469**	31		65			14,373	**14,469**
School place planning – meeting basic need for school places (primary and secondary school places)		8,000	12,347	17,482	6,345	**44,174**	12,038	14,309				17,827	**44,174**

							TOTAL CAPITAL FUNDING						
Children's Education, Libraries & safeguarding	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
E Financial	10					**10**					10		**10**
Education Systems	50					**50**				50			**50**
Early Intervention System	47					**47**					47		**47**
Implementation of libraries Strategy	525	1,554				**2,079**			2,079				**2,079**
2 year old offer	246					**246**	246						**246**
Libraries – commissioning plan 2015-2020													
Early education - provision in west of borough	1,754	746	500			**3,000**						3,000	**3,000**
Social care placements - residential and fostering expansions	1,000	2,250	250	100	100	**3,700**						3,700	**3,700**
Information Management - replacement youth offending system and single view of data for children's	285	150	400			**835**	185					650	**835**
Early Learning Review	191	70	70			**331**					331		**331**
Youth Zone	200	2,400	1,200	400		**4,200**					4,200		**4,200**
Loft conversion and extension policy for Foster Carers	130	240	220	180	130	**900**						900	**900**

							TOTAL CAPITAL FUNDING						
Children’s Education, Libraries & safeguarding	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
New Park House Children's home		80				**80**						80	**80**
Libraries Service Capital Works		3,940				**3,940**						3,940	**3,940**
	47,550	**68,853**	**31,262**	**43,462**	**31,875**	**223,002**	**79,188**	**17,056**	**6,506**	**458**	**4,588**	**115,203**	**223,001**

							TOTAL CAPITAL FUNDING						
Community Leadership	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
CCTV Installation		208				**208**				208			**208**
		208				**208**				**208**			**208**

Environment	2015-16	2016-17	2017-18	2018-19	2019-20	Total	TOTAL CAPITAL FUNDING Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Development Reserve	Capital Reserve	Borrowing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
HIGHWAYS TfL - LOCAL IMPLEMENTATION PLAN														
Local Implementation Plan														
Local Implementation Plan 2014/15	275					**275**	275							**275**
Local Implementation Plan 2015/16	4,194					**4,194**	4,194							**4,194**
Local Implementation Plan 2016/17 and onwards		4,857	1,500	1,500	1,500	**9,357**	9,357							**9,357**
Major Schemes														
Bus stop Accessibility	400					**400**	400							**400**
Bridge Assessment	51					**51**	51							**51**
Air Quality Scheme	155					**155**	155							**155**
HIGHWAYS non-TfL														
Footway Reconstruction	0	119				**119**		76					43	**119**
Traffic Management	0	48				**48**		43					5	**48**
Colindale Development Area														
Reconstruction of Railway Bridges	0	850				**850**			29				821	**850**
Controlled Parking Zones		14				**14**		10					5	**14**
Colindale Station interchange		50				**50**			44				6	**50**
Improvement & Signalisation and Infrastructure		356				**356**		356						**356**
Public Transportation Improvements	0	103				**103**		98					5	**103**
Pedestrian Improvements programme		262				**262**		262						**262**
Colindale CPZ Parking Review Feasibility Study-Colindale Hospital		15				**15**		11					5	**15**

							TOTAL CAPITAL FUNDING							
Environment	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Developmen t Reserve**	**Capital Reserve**	**Borrowin g**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Highways Investment Programme		610				**610**		546					65	**610**
Travel Plan Implementation		235				**235**		210					25	**235**
Carriageways		4,000				**4,000**							4,000	**4,000**
Carriageways (Phase 2)														
Outstanding Transport Commitments on Completed Schemes		3				**3**			3					**3**
Highways Planned Maintenance Works Programme		40				**40**					40			**40**
CCTV Projects Retention														
Pavements	118	2,000				**2,118**							2,118	**2,118**
Pavements (Phase 2)		133				**133**				133				**133**
Pothole Fund	1					**1**	1							**1**
Saracens		17				**17**		17						**17**
Drainage Schemes	0	493				**493**	69						423	**493**
Refurbish and regenerate Hendon Cemetery and Crematorium	515	668				**1,183**				591			592	**1,183**
Borough Cycling Programme	231	206				**437**	437							**437**
Road Traffic Act - Controlled Parking Zones		184				**184**		164	4				15	**184**
Parking	(0)	30				**30**		2	28					**30**
Investment in Roads & Pavement	14,500	13,830	8,000	8,000	6,375	**50,705**							50,705	**50,705**
Improvements to Six of the Borough's Parks	5					**5**		5						**5**
Copthall Car Park														
Old Court House - public toilets	40					**40**		40						**40**

							TOTAL CAPITAL FUNDING							
Environment	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Development Reserve**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Parks & Open Spaces and Tree Planting	93	105				**198**		198						**198**
Lagan System	120					**120**						120		**120**
Park Infrastructure	200	145				**345**	18	65		20			242	**345**
Waste	477					**477**			132	345				**477**
Weekly Collection Support Scheme	370	423				**793**	793							**793**
Fuel Storage Tank		60				**60**							60	**60**
Replacement Bins	250	250	250	250	250	**1,250**							1,250	**1,250**
Street litter bins	15	15	10	5	5	**50**			50					**50**
Parks Equipment			100	100	100	**300**							300	**300**
Vehicles	500	100	750	100	800	**2,250**							2,250	**2,250**
Waste and recycling vehicles		190	530	270		**990**				990				**990**
Street cleansing and greenspaces - vehicles and equipment	391	164	357	446		**1,358**				1,358				**1,358**
Hendon Cemetry & Crematorium Enhancement	165	220				**385**			385					**385**

							TOTAL CAPITAL FUNDING							
Environment	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Development Reserve**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Lines and Signs	150	250				**400**					200	200		**400**
Parking Machines		12				**12**				12				**12**
CCTV	1,300					**1,300**						1,300		**1,300**
CCTV Projects Retention	84					**84**			84					**84**
Town Centre Bays		75				**75**						75		**75**
Parking signs and lines introduction and replenishment		200	200	200	200	**800**							800	**800**
	24,599	**31,331**	**11,697**	**10,871**	**9,230**	**87,728**	**15,750**	**2,102**	**759**	**3,449**	**240**	**1,695**	**63,735**	**87,729**

							TOTAL CAPITAL FUNDING						
Housing	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Alexandra Road	33					**33**			33				**33**
Hostel Refurbishment Programme		100	100	69		**269**			148		121		**269**
Housing Association Development Programme - New Affordable Homes		1,416				**1,416**		1,416					**1,416**
Disabled Facilities Grants Programme	3,353	2,563	2,627	2,692	2,760	**13,995**	5,134		400	22		8,439	**13,995**
Empty Properties (45)	1,500	1,500	1,500	1,000	1,000	**6,500**						6,500	**6,500**
Decent Homes Programme	107	107	107	107	107	**535**						535	**535**
Moxton Street Land purchases	750					**750**					750		**750**
Social Mobility Fund -	210	540				**750**	750						**750**
DECC - Fuel Povety	40	23				**63**	63						**63**
	5,993	**6,249**	**4,334**	**3,868**	**3,867**	**24,311**	**5,947**	**1,416**	**581**	**22**	**871**	**15,474**	**24,311**

							TOTAL CAPITAL FUNDING						
Policy & Resources	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Customer access Centre													
Depot relocation	21,085	9,580	49			**30,714**			30,688			26	**30,714**
Community Centre	1,300	181				**1,481**			881	600			**1,481**
Asset Management	2,720	1,000	1,000	1,000	1,000	**6,720**						6,720	**6,720**
Information Management	500	1,000				**1,500**						1,500	**1,500**
Libraries – Commissioning Plan 2015-2020	2,000					**2,000**						2,000	**2,000**
Centre for Independent Living & Libraries	1,006	1,970				**2,976**	1,476				1,500		**2,976**
Daws Lane Community Centre	320	2,680				**3,000**	1,178		1,822				**3,000**
ICT strategy	820	6,120	2,200			**9,140**			2,992			6,148	**9,140**
	29,751	**22,531**	**3,249**	**1,000**	**1,000**	**57,531**	**2,654**		**36,383**	**600**	**1,500**	**16,394**	**57,531**

							TOTAL CAPITAL FUNDING						
Housing Revenue Account	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**RCCO/ MRA**	**Other (incl. S106)**	**Capital Reserve**	**Capital Receipts**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Major Works (excl Granv Rd)	10,539	5,430	4,950	4,550	4,550	**30,019**		29,086	933				**30,019**
Regeneration	1,950	2,130	1,270	900	720	**6,970**		6,410	560				**6,970**
Misc - Repairs	1,580	2,979	2,345	2,255	2,205	**11,364**		11,177	187				**11,364**
M&E/ GAS	14,318	8,722	9,977	6,592	6,257	**45,866**		44,187	1,679				**45,866**
Voids and Lettings	3,400	2,588	3,400	3,400	3,400	**16,188**		15,815	373				**16,188**
New Affordable Homes	7,034	249				**7,283**			5,810		1,473		**7,283**
Advanced Acquisitions (Regen Estates)	1,250	6,580	5,000	1,250		**14,080**					3,750	10,330	**14,080**
Moreton Close	900	12,518	1,582			**15,000**					4,500	10,500	**15,000**
Tranche 3 RP		2,000				**2,000**						2,000	**2,000**
Infil Homes		4,400				**4,400**					1,320	3,080	**4,400**
Brent Cross Extra Care		500	8,460	3,540		**12,500**	5,000				3,000	4,500	**12,500**
Dollis Valley	100					**100**					100		**100**
	41,070	**48,097**	**36,984**	**22,487**	**17,132**	**165,770**	**5,000**	**106,677**	**9,540**		**14,143**	**30,410**	**165,770**

Delivery Unit							2015/16 Funding							
	2015-16	2016-17	2017-18	2018-19	2019-20	Total	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Development Reserve	Capital Reserve	Borrowing	Total 2015/16
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adults and Communities	**4,450**	**6,094**	**15,914**			**26,458**	**3,202**		**641**	**207**		**150**	**250**	**4,450**
Children's education	**43,112**	**57,423**	**28,622**	**42,782**	**31,645**	**203,584**	**27,720**	**1,241**	**4,288**	**408**			**9,454**	**43,112**
Children's family services	**4,437**	**11,430**	**2,640**	**680**	**230**	**19,417**	**431**		**525**	**50**		**448**	**2,984**	**4,437**
Commercial	**1,534**	**537**	**200**	**200**	**200**	**2,671**			**84**		**150**	**1,300**		**1,534**
Commissioning Group	**29,751**	**22,531**	**3,249**	**1,000**	**1,000**	**57,531**	**1,006**		**22,925**	**600**			**5,220**	**29,751**
Re delivery unit	**68,689**	**91,239**	**63,914**	**35,679**	**17,442**	**276,963**	**7,167**		**565**	**537**		**24,479**	**35,942**	**68,690**
Street Scene	**2,460**	**1,452**	**1,997**	**1,171**	**1,155**	**8,235**	**388**	**203**	**147**	**756**		**120**	**847**	**2,461**
The Barnet Group	**33**	**100**	**100**	**69**		**302**			**33**					**33**
Total - General Fund	**154,467**	**190,805**	**116,636**	**81,581**	**51,672**	**595,161**	**39,912**	**1,445**	**29,207**	**2,558**	**150**	**26,497**	**54,698**	**154,467**
Housing Revenue Account	**41,070**	**48,097**	**36,984**	**22,487**	**17,132**	**165,770**		**7,225**	**2,596**	**29,956**			**1,295**	**41,071**
Total - all services	**195,537**	**238,902**	**153,620**	**104,068**	**68,804**	**760,931**	**39,912**	**8,669**	**31,803**	**32,514**	**150**	**26,497**	**55,993**	**195,538**

Delivery Unit	2016/17 Funding								2017/18 Funding							
	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Development Reserve	Capital Reserve	Borrowing	Total 2016/17	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Development Reserve	Capital Reserve	Borrowing	Total 2017/18
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adults and Communities				208		3,250	2,636	6,094							15,914	15,914
Children's education	20,942	4,564	140				31,777	57,423	16,096	3,251					9,275	28,622
Children's family services			1,554			2,470	7,406	11,430						1,270	1,370	2,640
Commercial				12	50	275	200	537							200	200
Commissioning Group	1,648		13,435			1,500	5,948	22,531			23				3,226	3,249
Re delivery unit	11,043	5,085	2,628	209	40	27,592	44,641	91,239	6,166	1,321				32,069	24,358	63,914
Street Scene	423	105	15	354			555	1,452			10	887			1,100	1,997
The Barnet Group			100					100			48			52		100
Total - General Fund	34,056	9,754	17,872	782	90	35,087	93,162	190,805	22,262	4,572	81	887		33,391	55,443	116,636
Housing Revenue Account	280	1,114	6,127	21,151			19,423	48,096	4,720	650	4,195	21,292			6,127	36,984
Total - all services	34,336	10,869	23,999	21,934	90	35,087	112,585	238,900	26,982	5,222	4,276	22,179		33,391	61,570	153,620

Delivery Unit	2018/19 Funding								2019/20 Funding							
	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Development Reserve	Capital Reserve	Borrowing	Total 2018/19	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Development Reserve	Capital Reserve	Borrowing	Total 2019/20
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adults and Communities																
Children's education	7,000	5,000					30,782	42,782	7,000	3,000					21,645	31,645
Children's family services						400	280	680							230	230
Commercial							200	200							200	200
Commissioning Group							1,000	1,000							1,000	1,000
Re delivery unit	6,666					7,150	21,863	35,679	3,666					4,500	9,276	17,442
Street Scene			5	716			450	1,171			5				1,150	1,155
The Barnet Group						69		69								
Total - General Fund	13,666	5,000	5	716		7,619	54,575	81,581	10,666	3,000	5			4,500	33,501	51,672
Housing Revenue Account		552	1,225	17,145			3,565	22,487				17,132				17,132
Total - all services	13,666	5,552	1,230	17,861		7,619	58,140	104,068	10,666	3,000	5	17,132		4,500	33,501	68,804

Delivery Unit	Total Funding							
	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Development Reserve	Capital Reserve	Borrowing	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Adults and Communities	**3,202**		**641**	**415**		**3,400**	**18,800**	**26,458**
Children's education	**78,758**	**17,056**	**4,427**	**408**			**102,933**	**203,583**
Children's family services	**431**		**2,079**	**50**		**4,588**	**12,270**	**19,417**
Commercial			**84**	**12**	**200**	**1,575**	**800**	**2,671**
Commissioning Group	**2,654**		**36,383**	**600**		**1,500**	**16,394**	**57,531**
Re delivery unit	**34,708**	**6,406**	**3,193**	**746**	**40**	**95,790**	**136,080**	**276,963**
Street Scene	**811**	**308**	**182**	**2,713**		**120**	**4,102**	**8,236**
The Barnet Group			**181**			**121**		**302**
Total - General Fund	**120,563**	**23,771**	**47,170**	**4,944**	**240**	**107,094**	**291,379**	**595,161**
Housing Revenue Account	**5,000**	**9,540**	**14,143**	**106,677**			**30,410**	**165,770**
Total - all services	**125,563**	**33,311**	**61,313**	**111,620**	**240**	**107,094**	**321,789**	**760,931**

							TOTAL CAPITAL FUNDING						
Adults and Communities	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Investing in IT	3,045					**3,045**	2,447		141	207		250	**3,045**
Transformation Care Grant	5					**5**	5						**5**
Sport and Physical Activites	1,400	5,886	15,914			**23,200**	750		500		3,400	18,550	**23,200**
CCTV Installation		208				**208**				208			**208**
	4,450	**6,094**	**15,914**			**26,458**	**3,202**		**641**	**415**	**3,400**	**18,800**	**26,458**

							TOTAL CAPITAL FUNDING						
Children's Education	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Modernisation - Primary & Secondary	3,903	726				**4,629**	3,431		192	2		1,003	**4,628**
Urgent Primary Places - Temporary Allocated	1,821	270	250			**2,341**	2,090					251	**2,341**
Millbrook Park (MHE)	373					**373**		216	157				**373**
Orion Primary School	459					**459**				7		452	**459**
Blessed Dominic/St James	200	1,763				**1,963**	200					1,763	**1,963**
Moss Hall	84					**84**						84	**84**
Brunswick	60					**60**			35			25	**60**
Menorah Foundation	1,830					**1,830**			905	100		825	**1,830**
St Marys and St Johns	1,085					**1,085**	465			300		320	**1,085**
Martin Primary	81					**81**		26				55	**81**
Oakleigh School	37					**37**						37	**37**
Beis Yakov	107					**107**						107	**107**
St Joseph's RC Junior & St Joseph's RC Infants School	1,986					**1,986**	1,957					29	**1,986**
Monkfrith	1,252	2,590				**3,842**	1,880					1,962	**3,842**
Wren Academy	4,826	2,415				**7,241**	2,946		297			3,998	**7,241**
London Academy	5,500	3,806				**9,306**	6,242					3,064	**9,306**
Oak Hill Campus	250					**250**	250						**250**
Permanent Secondary Expansion Programme													
Christ College	85	11				**96**	50					46	**96**
Copthall	106	326				**432**	432						**432**
Compton	277					**277**	276					1	**277**
Oak Lodge Special School	1,741	4,026				**5,767**	2,187					3,580	**5,767**

							TOTAL CAPITAL FUNDING						
Children’s Education	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Bishop Douglas	98					**98**	98						**98**
St Mary's & St John's	2,000					**2,000**	2,000						**2,000**
Infant Free School Meals Capital Fund	241					**241**	241						**241**
Other Projects													
Wave 1 - Whitings Hill	21	180				**201**						201	**201**
Wave 1 - Northway/Fairway	182	22				**204**			181			23	**204**
Primary Capital Programme	538					**538**			30			508	**538**
East Barnet & Project Faraday	101	463				**564**			140			424	**564**
Temporary Bulge Classes													
Primary Programme		11,000	9,000	6,000	4,000	**30,000**	22,482	268				7,250	**30,000**
Secondary Programme	3,500	10,500	1,000	15,000	19,000	**49,000**	11,000	1,238				36,762	**49,000**
SEN	5,850	2,000	2,000	2,000		**11,850**	1,462	1,000	2,426			6,962	**11,850**
Alternative Provision	4,000	4,000				**8,000**	7,000					1,000	**8,000**
Contingency	519	5,325	4,025	2,300	2,300	**14,469**	31		65			14,373	**14,469**
School place planning – meeting basic need for school places (primary and secondary school places)		8,000	12,347	17,482	6,345	**44,174**	12,038	14,309				17,827	**44,174**
	43,112	**57,423**	**28,622**	**42,782**	**31,645**	**203,584**	**78,758**	**17,056**	**4,427**	**408**		**102,933**	**203,583**

							TOTAL CAPITAL FUNDING							
Commercial	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Development Reserve**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Lines and Signs	150	250				**400**					200	200		**400**
Parking Machines		12				**12**				12				**12**
CCTV	1,300					**1,300**						1,300		**1,300**
CCTV Projects Retention	84					**84**			84					**84**
Town Centre Bays		75				**75**						75		**75**
Parking signs and lines introduction and replenishment		200	200	200	200	**800**							800	**800**
	1,534	**537**	**200**	**200**	**200**	**2,671**			**84**	**12**	**200**	**1,575**	**800**	**2,671**

							TOTAL CAPITAL FUNDING						
Children's Family Services	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
E Financial	10					**10**					10		**10**
Education Systems	50					**50**				50			**50**
Early Intervention System	47					**47**					47		**47**
Implementation of libraries Strategy	525	1,554				**2,079**			2,079				**2,079**
2 year old offer	246					**246**	246						**246**
Libraries – commissioning plan 2015-2020													
Early education - provision in west of borough	1,754	746	500			**3,000**						3,000	**3,000**
Social care placements - residential and fostering expansions	1,000	2,250	250	100	100	**3,700**						3,700	**3,700**
Information Management - replacement youth offending system and single view of data for children's	285	150	400			**835**	185					650	**835**
Early Learning Review	191	70	70			**331**					331		**331**
Youth Zone	200	2,400	1,200	400		**4,200**					4,200		**4,200**
Loft conversion and extension policy for Foster Carers	130	240	220	180	130	**900**						900	**900**
New Park House Children's home		80				**80**						80	**80**
Libraries Service Capital Works		3,940				**3,940**						3,940	**3,940**
	4,437	**11,430**	**2,640**	**680**	**230**	**19,417**	**431**		**2,079**	**50**	**4,588**	**12,270**	**19,417**

							TOTAL CAPITAL FUNDING						
Commissioning Group	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Customer access Centre													
Depot relocation	21,085	9,580	49			**30,714**			30,688			26	**30,714**
Community Centre	1,300	181				**1,481**			881	600			**1,481**
Asset Management	2,720	1,000	1,000	1,000	1,000	**6,720**						6,720	**6,720**
Information Management	500	1,000				**1,500**						1,500	**1,500**
Libraries – Commissioning Plan 2015-2020	2,000					**2,000**						2,000	**2,000**
Centre for Independent Living & Libraries	1,006	1,970				**2,976**	1,476				1,500		**2,976**
Daws Lane Community Centre	320	2,680				**3,000**	1,178		1,822				**3,000**
ICT strategy	820	6,120	2,200			**9,140**			2,992			6,148	**9,140**
	29,751	**22,531**	**3,249**	**1,000**	**1,000**	**57,531**	**2,654**		**36,383**	**600**	**1,500**	**16,394**	**57,531**

							TOTAL CAPITAL FUNDING							
Re delivery unit	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Develop ment Reserve**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
HIGHWAYS TfL - LOCAL IMPLEMENTATION PLAN														
Local Implementation Plan														
Local Implementation Plan 2014/15	275					**275**	275							**275**
Local Implementation Plan 2015/16	4,194					**4,194**	4,194							**4,194**
Local Implementation Plan 2016/17 and onwards		4,857	1,500	1,500	1,500	**9,357**	9,357							**9,357**
Major Schemes														
Bus stop Accessibility	400					**400**	400							**400**
Bridge Assessment	51					**51**	51							**51**
Air Quality Scheme	155					**155**	155							**155**
HIGHWAYS non-TfL														
Footway Reconstruction	0	119				**119**		76					43	**119**
Traffic Management	0	48				**48**		43					5	**48**
Colindale Development Area														
Reconstruction of Railway Bridges	0	850				**850**			29				821	**850**
Controlled Parking Zones		14				**14**		10					5	**14**
Colindale Station interchange		50				**50**			44				6	**50**
Improvement & Signalisation and Infrastructure		356				**356**		356						**356**
Public Transportation Improvements	0	103				**103**		98					5	**103**
Pedestrian Improvements programme		262				**262**		262						**262**
Colindale CPZ Parking Review Feasibility Study-Colindale Hospital		15				**15**		11					5	**15**
Highways Investment Programme		610				**610**		546					65	**610**
Travel Plan Implementation		235				**235**		210					25	**235**
Carriageways		4,000				**4,000**							4,000	**4,000**

							TOTAL CAPITAL FUNDING							
Re delivery unit	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Development Reserve**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Carriageways (Phase 2)														
Outstanding Transport Commitments on Completed Schemes		3				**3**			3					**3**
Highways Planned Maintenance Works Programme		40				**40**					40			**40**
CCTV Projects Retention														
Pavements	118	2,000				**2,118**							2,118	**2,118**
Pavements (Phase 2)		133				**133**				133				**133**
Pothole Fund	1					**1**	1							**1**
Saracens		17				**17**		17						**17**
Drainage Schemes	0	493				**493**	69						423	**493**
Refurbish and regenerate Hendon Cemetery and Crematorium	515	668				**1,183**				591			592	**1,183**
Borough Cycling Programme	231	206				**437**	437							**437**
Road Traffic Act - Controlled Parking Zones		184				**184**		164	4				15	**184**
Parking	(0)	30				**30**		2	28					**30**
Investment in Roads & Pavement	14,500	13,830	8,000	8,000	6,375	**50,705**							50,705	**50,705**
GF Regeneration		2,478				**2,478**			2,300				178	**2,478**
Mill Hill East	23	219	100	100	100	**542**							542	**542**
Outer London Fund - Cricklewood	108	45				**153**	153							**153**
Outer London Fund - North Finchley	34	186				**220**	220							**220**
BXC - Funding for land aquistion	21,000	15,000	22,969			**58,969**						58,969		**58,969**
Graham Park Regeneration -Building works														
Graham Park Regeneration -Infrastructure improvements	168	4,318	3,571	750		**8,807**	2,000	2,807				4,000		**8,807**
Colindale - Lanacre Ave/Aerodrome rd Junction	750	2,250	3,750	3,500	1,750	**12,000**	3,500	150				8,350		**12,000**
Colindale - Grahame park decant programme	500	4,200	1,750	250	250	**6,950**						6,950		**6,950**

							TOTAL CAPITAL FUNDING							
Re delivery unit	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Develop ment Reserve**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
West Hendon Highway Improvement	60	690	2,950	3,750	3,600	**11,050**	3,350					7,700		**11,050**
Town Centre	598	3,411	2,000	3,000		**9,009**	4,598	240				4,171		**9,009**
Thames Link Station	1,250	3,650				**4,900**						4,900		**4,900**
Office Build	6,890	19,300	13,090	11,030		**50,310**							50,310	**50,310**
Development pipeline	10,743					**10,743**							10,743	**10,743**
Housing Association Development Programme - New Affordable Homes		1,416				**1,416**		1,416						**1,416**
Hendon Cemetry & Crematorium Enhancement	165	220				**385**			385					**385**
Disabled Facilities Grants Programme	3,353	2,563	2,627	2,692	2,760	**13,995**	5,134		400	22			8,439	**13,995**
Empty Properties (45)	1,500	1,500	1,500	1,000	1,000	**6,500**							6,500	**6,500**
Decent Homes Programme	107	107	107	107	107	**535**							535	**535**
Moxton Street Land purchases	750					**750**						750		**750**
Social Mobility Fund -	210	540				**750**	750							**750**
DECC - Fuel Povety	40	23				**63**	63							**63**
	68,689	**91,239**	**63,914**	**35,679**	**17,442**	**276,963**	**34,708**	**6,406**	**3,193**	**746**	**40**	**95,790**	**136,080**	**276,963**

							TOTAL CAPITAL FUNDING							
Streetscene	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Develop-ment Reserve**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Improvements to Six of the Borough's Parks	5					**5**		5						**5**
Copthall Car Park														
Old Court House - public toilets	40					**40**		40						**40**
Parks & Open Spaces and Tree Planting	93	105				**198**		198						**198**
Lagan System	120					**120**						120		**120**
Park Infrastructure	200	145				**345**	18	65		20			242	**345**
Waste	477					**477**			132	345				**477**
Weekly Collection Support Scheme	370	423				**793**	793							**793**
Fuel Storage Tank		60				**60**							60	**60**
Replacement Bins	250	250	250	250	250	**1,250**							1,250	**1,250**
Street litter bins	15	15	10	5	5	**50**			50					**50**
Parks Equipment			100	100	100	**300**							300	**300**
Vehicles	500	100	750	100	800	**2,250**							2,250	**2,250**

Streetscene	2015-16	2016-17	2017-18	2018-19	2019-20	Total	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Develop-ment Reserve	Capital Reserve	Borrowing	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Waste and recycling vehicles		190	530	270		**990**				990				**990**
Street cleansing and greenspaces - vehicles and equipment	391	164	357	446		**1,358**				1,358				**1,358**
	2,460	**1,452**	**1,997**	**1,171**	**1,155**	**8,235**	**811**	**308**	**182**	**2,713**		**120**	**4,102**	**8,236**

							TOTAL CAPITAL FUNDING						
Barnet Group	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**Other (incl. S106)**	**Capital Receipts**	**RCCO/ MRA**	**Capital Reserve**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Alexandra Road	33					**33**			33				**33**
Hostel Refurbishment Programme		100	100	69		**269**			148		121		**269**
	33	**100**	**100**	**69**		**302**			**181**		**121**		**302**

							TOTAL CAPITAL FUNDING						
Housing Revenue Account	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**	**Grants**	**RCCO/ MRA**	**Other (incl. S106)**	**Capital Reserve**	**Capital Receipts**	**Borrowing**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Major Works (excl Granv Rd)	10,539	5,430	4,950	4,550	4,550	**30,019**		29,086	933				**30,019**
Regeneration	1,950	2,130	1,270	900	720	**6,970**		6,410	560				**6,970**
Misc - Repairs	1,580	2,979	2,345	2,255	2,205	**11,364**		11,177	187				**11,364**
M&E/ GAS	14,318	8,722	9,977	6,592	6,257	**45,866**		44,187	1,679				**45,866**
Voids and Lettings	3,400	2,588	3,400	3,400	3,400	**16,188**		15,815	373				**16,188**
New Affordable Homes	7,034	249				**7,283**			5,810		1,473		**7,283**
Advanced Acquisitions (Regen Estates)	1,250	6,580	5,000	1,250		**14,080**					3,750	10,330	**14,080**
Moreton Close	900	12,518	1,582			**15,000**					4,500	10,500	**15,000**
Tranche 3 RP		2,000				**2,000**						2,000	**2,000**
Infil Homes		4,400				**4,400**					1,320	3,080	**4,400**
Brent Cross Extra Care		500	8,460	3,540		**12,500**	5,000				3,000	4,500	**12,500**
Dollis Valley	100					**100**					100		**100**
	41,070	**48,097**	**36,984**	**22,487**	**17,132**	**165,770**	**5,000**	**106,677**	**9,540**		**14,143**	**30,410**	**165,770**

This page is intentionally left blank

Housing Revenue Account (HRA)
HRA Business Plan

1. HRA Business Plan Overview

1.1 Following the introduction of self- financing for Housing Revenue Accounts in April 2012, the council has developed an HRA Business Plan which sets out priorities for investment in council housing in the Borough.

1.2 The HRA settlement meant that the council will benefit from reduced HRA expenditure, as the cost of servicing the HRA debt figure is lower than the amount that was being paid treasury in the form of negative subsidy.

1.3 In addition, the settlement provided the council with the opportunity to borrow an additional £38m as a result of headroom generated by differences between the actual HRA debt and the amount assumed in the settlement.

1.4 An updated HRA Business Plan was agreed by the council's Housing Committee in October 2015 to take account of a number of national policies that impact on the HRA, including:

- **Rents Policy** – social housing rents will reduce by 1% per annum for the next 4 years
- **Right to Buy** - sales have increased following the enhancement of the Right to Buy scheme for council tenants
- **Sale of high value homes** – local authorities will pay a levy to the Government which assumes that high value council homes will be sold as they become empty
- **Pay to Stay** – council tenants earning more than £40,000 a year will pay a higher rent, which could increase Right to Buy sales.
- **Welfare Reform** – is expected to see an increase in bad debt

2. HRA Priorities

2.1 The following priorities have been identified in the HRA Business Plan:

- Maintaining the quality of the existing supply of council housing
- Investment in the delivery of new affordable homes for rent
- Increasing the supply of housing to help tackle homelessness
- Investment in new homes for vulnerable people
- Efficient and effective services

3. Investment Plan

3.1 The following allocations of funding have already been agreed and are progressing:

Existing Stock - Investment of £195m over the period 2015/16 to 2024/25

New Homes – Investment of £8.3m to deliver an initial tranche of 40 new homes on infill sites on HRA land in the borough.

Supported Housing - £12.3m for a new supported housing scheme at Morton Close

Regeneration- £8.7m for advanced acquisitions on Regeneration Estates

3.2 In addition, the HRA Business Plan considers two scenarios, which are dependent on whether the council's Arm's Length Management Organisation (ALMO), Barnet Homes, is successful in establishing a Registered Provider (RP) to build and own new homes on HRA land.

3.3 If the RP is approved by the Homes and Communities Agency, the new homes it provides will be built with the aid of a loan from the Council (subject to approval by the Policy and Resources Committee). This will free up resources within the HRA to acquire properties on the open market for use as council housing, as well as provide a small number of new homes on infill sites within the HRA.

3.4 If the RP does not proceed, there are enough resources within the HRA for the council to build 120 new council homes on HRA land itself.

3.5 In both scenarios, the council intends to use the HRA to fund additional extra care housing in addition to the Moreton Close scheme.

Appendix E

Dedicated Schools Grant (DSG) and Schools Budget 2016/17

The Dedicated Schools budget (DSG) for 2016/17 is made up of three notional funding blocks, each calculated on a different basis:

- Schools Block
- Early Years Block and
- High Needs Block.

The **Schools Block** is calculated using pupil numbers taken from the October 2015 schools census, multiplied by a guaranteed unit of funding (SBUF). Barnet's SBUF increased a little for 2016/17 to take account of the funding for the former non-recouped academies (London and Wren) and free schools. In 2015/16 Barnet received a lump sum in the DSG for these schools, but in 2016/17 the pupils in these schools are used to calculate the Schools Block of the DSG. The Schools Block is higher because there were more pupils on the census in October 2015 than a year earlier.

The amount per pupil in the **Early Years block** is the same as for 2015/16. The Early Years (EY's) Block is estimated using early years numbers taken from the Early Years and Schools census in January 2015. A further update to the 2015/16 DSG allocation will be made once the January 2016 EY's and Schools census numbers are finalised. This subsequent change will be made after the end of the financial year so forms part of the 2016/17 DSG. The early years pupil premium has been set at the same level as 2015/16 but may be subject to change. Unlike the main pupil premium, it forms part of the DSG. Funding for two year olds is calculated in a similar way to that for 3 and 4 year olds.

The **High Needs Block** is a cash amount and is based on the amount that was provided in 2015/16. Barnet received an additional £696k as part of an extra £100m distributed across all local authorities but received no funding for additional places needed for pupil growth. The final allocation is expected to be confirmed after the end of the 2015/16 financial year.

Pressures on the DSG expenditure budget

The main pressure on the DSG expenditure budget is due to the continuing growth in primary pupil numbers now feeding through into secondary schools. The non-capital cost of setting up new classes is estimated to be £3.6m for 2016/17.

Balancing the budget

The approach to balancing the 2016/17 budget has been similar to last year:

- Agreement by the Forum to use the £1.3m of DSG underspend carried forward from 2013/14 to support the budget gap by contributing to the growth fund and the nursery schools' transitional subsidy. The remaining underspends from 2014/15 and 2015/16, £0.9m and £1.3m respectively, are planned to be carried forward earmarked for pupil growth at new and existing schools from 2017/18 to 2020/21. For 2017/18 and 2018/19, these are expected to total £2.6m. The cost of growth will be high for the next 5 years at least as the growth in primary moves into secondary and regeneration attracts new families into Barnet.

- Officers are continuing to ensure the needs of children with SEN are met wherever possible in local provision rather than expensive independent placements. The SEN budget review last year and improved management of statutory SEN processes has resulted in a significant reduction in the budget pressures arising in relation to High Needs budget.

- Provision for 2-year-olds places has grown sharply during 2015/16 and is planned to continue to rise in 2016/17 so that Barnet moves towards the target number of places set by the DfE.

- Contingency is being held to cover the non-capital cost of the final closure of St Mary’s High School in July 2016.

Draft Schools Budget 2016/17						
		2016/17	2016/17	2016/17		2015/16
S251	**S251 Description**	**Gross Budget before recoupment**	**Net Budget after recoupment**	**Gross Draft Budget reported to Schools Forum 15 October 2015**	**Change since Schools Forum**	**Net Budget after recoupment**
Expenditure						
1.0.1	Individual Schools Budget before Academy recoupment	269,633,685	175,353,960	270,972,617	(1,338,932)	264,376,738
1.1.1	Contingencies	145,475	145,475	86,550	58,925	194,850
1.1.2	Behaviour Support Services	79,133	79,133	79,133	-	77,613
1.1.3	Support to UPEG and bilingual learners	87,001	87,001	87,001	-	85,564
1.1.9	Staff costs - supply cover for facility time	48,774	48,774	48,774	-	47,512
1.2.1	Top-up funding - maintained schools	16,969,414	16,969,414	16,593,822	375,592	16,142,716
1.2.2	Top-up funding - academies, free schools and colleges	7,434,145	7,434,145	7,021,783	412,362	6,854,903
1.2.3	Top-up and other funding - non-maintained and independent providers	9,084,010	9,084,010	8,680,292	403,718	9,835,971
1.2.5	SEN support services	3,425,542	3,425,542	3,198,212	227,330	3,198,188
1.2.6	Hospital education services	530,006	530,006	530,006	-	530,006
1.2.11	Direct payments (SEN & Disability)	300,000	300,000	200,000	100,000	200,000
1.3.1	Central expenditure on children under 5	979,072	979,072	979,072	-	979,072
1.4.1	Contribution to combined budgets	777,892	777,892	777,892	-	777,892
1.4.2	School Admissions	361,200	361,200	361,200	-	361,200
1.4.3	Servicing of schools forums	34,680	34,680	34,680	-	34,680
1.4.11	SEN transport	400,000	400,000	400,000	-	400,000
1.4.13	Other items	106,500	106,500	106,500	-	106,500
1.4.10	Pupil growth / Infant class sizes	1,232,036	1,344,179	1,440,893	(208,857)	1,041,250
	Total Expenditure	**311,628,564**	**217,460,982**	**311,598,426**	**30,138**	**305,244,655**
Income						
1.7.1	Dedicated Schools Grant	(304,299,712)	(210,132,130)	(304,589,467)	289,754	(296,567,169)
1.7.4	Post 16 allocations from EFA	(5,986,459)	(5,986,459)	(5,986,459)	-	(6,774,578)
1.7.2	Balance b/fwd	(1,342,393)	(1,342,393)	(1,022,500)	(319,893)	(1,902,908)
	Total Income	**(311,628,564)**	**(217,460,982)**	**(311,598,426)**	**(30,139)**	**(305,244,655)**

This page is intentionally left blank

DELIVERY UNIT Family Service
SERVICE AREA Family Service

DESCRIPTION OF CURRENT FEES AND CHARGES

Fee/Charge	Description	Current Charge £		Proposed 2016/17 Fee/Charge £
Library review amended fees and charges				
Adult Book Fines	This charge is levied for the late return of adult book items. Items can now be renewed 24/7 online or by phone	0.20	Per Day, Per Item	0.25
Child Book Fines	This charge would be levied for the late return of child and teen book items. Items can now be renewed 24/7 online or by phone	0.00	Per day, Per item	0.05
Reservation, No Notification/ email (specially purchased stock)	This charge is levied where an item is purchased in response to a reservation.	1.00	Per item	1.10
Reservation, Postal Notification (specially purchased stock)	This charge is levied where an item is purchased in response to a reservation.	£1.00 plus 2nd class post	Per item	£1.10 Plus 2nd Class Post
Reservation, No Notification/ email notification (Barnet stock)	Customers are notified by email that a reserved item is ready for collection. This applies to stock already held in Barnet Libraries	1.00	Per Item	No charge
Reservation, Postal Notification (Barnet stock)	Customers are notified by post that a reserved item is ready for collection. This applies to stock already held in Barnet Libraries	£1.00 plus 2nd class postage	Per Item	2nd class postage only
Late return fees for items borrowed from the British library	This charge is levied where items borrowed from the British Library are returned late	4.30	Per Item	4.55
One off events	This includes a range of author and cultural events. A mix of charges would be applied dependent upon the cost of hosting the specific event and its intended audience. These are in addition to the core service of events which remains free.	4.95	Per session, per person	£0 up to £20
Training courses for professionals and organisations (1/2 day - off the peg)	Current charges are considerably under the market rate and do not cover the costs of developing and delivering training.	39.50	Per delegate	75.00
Training courses for professionals and organisations (1/2 day - bespoke)	Current charges are considerably under the market rate and do not cover the costs of developing and delivering training.	300.00	Per organisation	400.00
Local History Training/ Talks for organisations (bespoke)	Current charges are considerably under the market rate and do not cover the costs of developing and delivering training.	40.00	Per session	75.00
Music Sets And Scores for choirs based in Barnet	Subscription fee	30.00	Per subscription Per annum	Loan charge of 25p per score per month (min 2 month loan)
Music Sets And Scores for choirs based in Barnet	Overdue charge	0.50	Per score, Per week	25p per score, Per month/ part month
Music Sets And Scores for all choirs	Courier delivery charge for direct delivery	Not currently offered	Per box	5.00
Music Sets And Scores for all choirs	Cancellation fee for every score ordered but then not required	None	Per title	10.00
Music Sets And Scores for all choirs	Administration fee to replace lost items. This is payable by music groups and organisations.	£5.00 + cost of replacement	Per set lost	£10.00 + cost of replacement
Music Sets And Scores for choirs based outside Barnet	Subscription fee	30.00	Per subscription Per annum	Loan charge of 35p per score per month (min 2 month loan)
Music Sets And Scores for choirs based outside Barnet	Overdue charge	0.50	Per score, Per week	35p per score, Per month/ part month
Music Sets And Scores	Charge made to other Boroughs for the loan of Barnet sets and scores	6.00	Per 20 items	12.00

To be noted at Policy & Resources Committee, as approved at Environment Theme Committee 11th January 2016 Appendix F

Description of Charge	UNIT	Subject to VAT	2015/16 charge excluding VAT	2016/17 charge excluding VAT	COMMENTS	% increase
Vehicle Crossover - On occasions where it is necessary for obstructions to be considered for removal in order for a crossover to be constructed such as a tree or lighting column, thereby necessitating a site visit by a tree officer/lighting engineer.	Each	VAT not applicable	£113.50	£137.00	Charge includes initial site inspection, and recording, further joint site visits with specialist as required . compliance plus travel costs	21%
Section 50 Street works licence and inspections	Per licence	VAT not applicable	£280 + £150	£496.00	Covers staff time and NRSWA notification costs (also includes Section 50 inspections below).	15%
Memorial Seat/bench, up to 6ft in length, Including on-going care for 10 years.	Each Bench	VAT not applicable	£1,090.00	£137 + £1025 for cost of bench + £130 for cost of plaque if required	To be consistent with Hendon Cemetery. Price excludes bench	7%
Type 1 Bronze Plaque (to be erected on existing bench)	Each	VAT not applicable	£97.00	£178.00	New Product/Service to be consistent with Hendon Cemetery (includes plaque)	84%
Licence to place skip on the highway	Each	VAT not applicable	£28 per week with a £56 minimum, thereafter £26 per week	£56.00	Minimum of two weeks will apply	12%
Renewal for expired skip licence	Each	VAT not applicable	£28 per week with a £56 minimum, thereafter £26 per week	£56.00	Minimum of two weeks will apply	12%
Interment - pre-dug grave (new fee)	Each	VAT not applicable	New Service	£625.00		
Banner in/on Parks	events	VAT not applicable	n/a	£30.00 per week	Banners in/on parks - New charge to manage appropriate display of publicity materials. A weekly charge for displaying an advertisement banner on park fencing/furniture or free standing e.g. fairs, fetes, fitness groups etc	
Trade Waste	Provision of 240 Litre Bin	VAT not applicable	£363.10	£384.85	Trade Waste – 6% increase to be set as a reasonable charge, having considered the cost of service and benchmarking data from other authorities	6%
Trade Waste	Provision of 360 Litre Bin	VAT not applicable	£422.75	£448.10	Trade Waste – 6% increase to be set as a reasonable charge, having considered the cost of service and benchmarking data from other authorities	6%
Trade Waste	Provision of 660 Litre Bin	VAT not applicable	£651.75	£690.85	Trade Waste – 6% increase to be set as a reasonable charge, having considered the cost of service and benchmarking data from other authorities	6%
Trade Waste	Provision of Chamberlain Bin (940 Litre)	VAT not applicable	£788.20	£835.45	Trade Waste – 6% increase to be set as a reasonable charge, having considered the cost of service and benchmarking data from other authorities	6%
Trade Waste	Provision of 1100 Litre Bin	VAT not applicable	£881.50	£934.35	Trade Waste – 6% increase to be set as a reasonable charge, having considered the cost of service and benchmarking data from other authorities	6%
Trade Waste	Provision of 50 sacks (recycling)	VAT applicable	n/a	£110.05	Trade Waste - New charge to encourage recycling from businesses which form part of the trade waste transformation project	
Trade Waste	Provision of 100 sacks (recycling)	VAT applicable	n/a	£186.43	Trade Waste New charge to encourage recycling from businesses which form part of the trade waste transformation project	
Trade Waste	Cardboard Sticker	VAT applicable	n/a	£5.00	Trade Waste - New charge to encourage recycling from businesses which form part of the trade waste transformation project	
Trade Waste	Provision of Food Caddie (23 Ltr)	VAT not applicable	n/a	1.55 per visit	Trade Waste - New charge to encourage recycling from businesses which form part of the trade waste transformation project	
Trade Waste	Contract Cancellation Fee	VAT not applicable	n/a	10% of annual cost	Trade Waste - New Charge. Administration cost for cancellation of contract, collection and cleaning of bin for reuse or collection and disposal of bin.	

Description of Charge	UNIT	Subject to VAT	2015/16 charge excluding VAT	2016/17 charge excluding VAT	COMMENTS	% increase
Hendon Park Car Park	Hendon Park Short Stay Bays Up to 30 mins	VAT not applicable	Free of Charge	Free of Charge	Charges for parking in the Hendon Park car park. The charges cover x15 short stay spaces and x5 long stay spaces. Charges were introduced in September 2014 following a consultation and the implementation of a traffic management order.	
Hendon Park Car Park	Hendon Park Short Stay Bays Up to 1 hour	VAT inclusive	£1.00	£1.00	Charges for parking in the Hendon Park car park. The charges cover x15 short stay spaces and x5 long stay spaces. Charges were introduced in September 2014 following a consultation and the implementation of a traffic management order.	
Hendon Park Car Park	Hendon Park Short Stay Bays Up to 2 hours	VAT inclusive	£1.50	£1.50	Charges for parking in the Hendon Park car park. The charges cover x15 short stay spaces and x5 long stay spaces. Charges were introduced in September 2014 following a consultation and the implementation of a traffic management order.	
Hendon Park Car Park	Hendon Park Short Stay Bays Up to 3 hours	VAT inclusive	£2.00	£2.00	Charges for parking in the Hendon Park car park. The charges cover x15 short stay spaces and x5 long stay spaces. Charges were introduced in September 2014 following a consultation and the implementation of a traffic management order.	
Hendon Park Car Park	Hendon Park Long Stay Bays Up to 4 hours	VAT inclusive	£5.00	£5.00	Charges for parking in the Hendon Park car park. The charges cover x15 short stay spaces and x5 long stay spaces. Charges were introduced in September 2014 following a consultation and the implementation of a traffic management order.	
Hendon Park Car Park	Hendon Park Long Stay Bays All Day	VAT inclusive	£6.00	£6.00	Charges for parking in the Hendon Park car park. The charges cover x15 short stay spaces and x5 long stay spaces. Charges were introduced in September 2014 following a consultation and the implementation of a traffic management order.	
Parking (SPA)	Bunns Lane Car Park - Long Stay	VAT not applicable	£5.00	£5.50	Bunns Lane Car Park is in Mill Hill Town Centre. The Council supports short stay parking in its Town Centres to support economic activities but recognises that there may also be a need for long stay parking The increase in charges relates to only Long Stay Parking only and is aimed at encouraging short stay parking while remaining competitive.	10.00%

Appendix F

For approval at Policy & Resources Committee, save the statutorily prescribed items

Fees & Charges 2016/17
Assurance

	Current 2015/16 £	Proposed 2016/17 £	Change %
School Admission Appeals Services available from London Borough of Barnet Governance Service for all Admission Appeals (Casual and Coordinated Appeals)			
Cost per Appeal	150	170	13%
Cost per Appeal - appeal hearings with five or more per day	n/a	150	new charge
Cost per withdrawn/cancelled Appeal - appeal outside of 10 workings days. Full fees apply inside this time period	50	57	14%

	Current 2015/16 £	Proposed 2016/17 £	Change %
Electoral Services			
Purchase ***Full Electoral Register*** (by: Polling District, Ward or Borough) **Statutory Charges set in legislation.** *only available to recipients named in legislation (e.g. registered political parties, credit reference agencies)*	Paper Copy: £10 + £5 per 1000 electors or part thereof Data Copy: £20 + £1.50 per 1000 electors or part thereof	Paper Copy: £10 + £5 per 1000 electors or part thereof Data Copy: £20 + £1.50 per 1000 electors or part thereof	0%
Purchase ***'Open' Electoral Register*** (by: Polling District, Ward or Borough) **Statutory Charges set in legislation.** *excludes electors that have 'opted-out of the Open Register' and may be purchased by anybody*	Paper Copy: £10 + £5 per 1000 electors or part thereof Data Copy: £20 + £1.50 per 1000 electors or part thereof	Paper Copy: £10 + £5 per 1000 electors or part thereof Data Copy: £20 + £1.50 per 1000 electors or part thereof	0%
Purchase '***Marked Copy' of Electoral Register*** (by: Polling District, Ward or Borough) following an election **Statutory Charges set in legislation.** *only available to recipients named in legislation (e.g. registered political parties, election candidates etc)*	Paper Copy: £10 + £2 per 1000 electors or part thereof Data Copy: £10 + £1 per 1000 electors or part thereof	Paper Copy: £10 + £2 per 1000 electors or part thereof Data Copy: £10 + £1 per 1000 electors or part thereof	0%
Purchase '**Letter of Residence**' *registered electors can purchase this as proof of their entry on register* **Discretionary Charge**	Current Year £26	Current Year £19.50	-33%
	2 - 5 Years £31	2 - 5 Years £24.50	-26.5%
	Over 5 Years £36	Over 5 Years £29.50	-22%

Appendix F

To be noted at Policy & Resources Committee, as approved at Adults & Safeguarding Theme Committee 12th November 2015

Removal of subsidy from home meals service: prices (all costs are per meal)

At present these costs are indicative, pending the provider chosen

Type	£
Standard	6.25
Kosher	11.4
Caribbean	8.39
Asian Veg	8.34
Halal	8.34
Pureed	8.38

This page is intentionally left blank

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

---

<u>Revised 2015/16 and 2016/17 to 2018/19</u>

INDEX

1 INTRODUCTION

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

CIPFA defines treasury management as:

> *"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

1.2 Reporting requirements

Treasury activity is monitored and reported internally to the Chief Operating Officer. The Prudential Indicators will be monitored through the year and reported as follows:

The Chief Operating Officer will report to the Performance and Contract Monitoring Committee on treasury management activity and performance and on related Performance Indicators:

(a) Quarterly against the strategy approved for the year.

(b) The Council will produce an outturn report on its treasury activity no later than 30th September after the financial year.

1.3 Treasury Management Strategy for 2016/17

The strategy for 2016/17 covers two main areas:

Capital issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;

- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsibe for scrutiny. The training needs of treasury management officers are periodically reviewed.

1.5 Treasury management consultants

The Council uses external treasury management advisors. Capita Asset Services, Treasury solutions, the current advisers were appointed in August 2015 following the expiry of the contract with Arlingclose Limited in July 2015.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon external advisers

It also recognises that there is value in employing external advisers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

1.6 The purpose of this Treasury Management Strategy Statement is to seek approval for:

- **Revisions to Treasury Management Strategy and Prudential Indicators for 2015/16;**
- **Treasury Management Strategy for 2016/17;**
- **Annual Investment Strategy for 2016/17;**
- **Prudential Indicators for 2016/17, 2017/18 and 2018/19;**
- **MRP statement (see para 2.3).**

1.7 The main recommended revisions to the Treasury Management Strategy are:

- **Further diversification of financial instruments into more secure / higher yield asset classes in consultation with council's investment advisor;**
- **Decisions in respect of investments over two years will be taken in consultation with the council's investment advisor and approved by the Chief Finance Officer;**
- **The prudential indicators have been updated to reflect the council's capital programme and future borrowing requirement; and**
- **The strategy has been updated to reflect the latest forecat for interest rates. Base rate is expected to remain at 0.5% for most of 2016/17 and therefore the assumptions in the budget startegy for interest receipts remain the same.**
- **The proposed criteria for specified and non-specified investments are shown in section 5.4.**

2 THE CAPITAL PRUDENTIAL INDICATORS 2016/17 – 2018/19

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Other long term liabilities. The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments. The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Capital expenditure £m	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Non-HRA	154,567	190,805	99,667	81,581	51,672
HRA	41,070	48,097	36,984	22,487	17,132
Total	**195,537**	**238,902**	**153,620**	**104,068**	**68,804**
Financed by:					
Capital receipts	31,802	41,214	4,276	1,230	5
Capital grants	39,911	34,056	22,262	13,666	10,666
Capital reserves	29,956	21,151	21,292	17,145	17,132
Revenue	37,875	29,894	44,220	13,887	7,500
Net financing need for the year 'borrowing'	55,993	112,585	61,570	58,140	33,501

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has one PFI scheme within the CFR.The Council's treasury portfolio position at 31 March 2016, with forward projections is summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing

	31/03/2016 Estimate £000	31/03/2017 Estimate £000	31/03/2018 Estimate £000	31/03/2019 Estimate £000	31/03/2020 Estimate £000
General Fund CFR	187,637	233,515	325,417	390,787	443,453
HRA CFR *	199,559	201,614	221,037	227,164	230,729
Total CFR	387,196	435,129	546,454	617,951	674,182
Less: Existing Profile of Borrowing and Other Long Term Liabilities	-321,194	-320,860	-320,487	-320,114	-319,741
Cumulative Gross Borrowing Requirement					
Usable Reserves	**66,002**	**114,269**	**225,967**	**297,836**	**354,441**
Cumulative Net Borrowing Requirement/ (Investments)	**-200,000**	**-200,000**	**-100,000**	**-100,000**	**-100,000**

2.3 Minimum revenue provision (MRP) policy statement 16-17

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

CLG regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

The four MRP options available are:

Option 1: Regulatory Method
Option 2: CFR Method
Option 3: Asset Life Method
Option 4: Depreciation Method

Options 1 and 2 may be used only for supported non –HRA capital expenditure funded from borrowing. Methods of making prudent provision for self-financed expenditure include Options 3 and 4 (which may also be used for supported non HRA capital expenditure if the Council chooses). There is no requirement to charge MRP in respect of HRA capital expenditure funded for borrowing (Barnet policy).

The MRP Statement will be submitted to Council before the start of the 2016/17 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

The Council will apply Option 2 in respect of supported capital expenditure and Option 3 in respect of unsupported capital expenditure.

MRP in respect of leases brought on Balance Sheet under the IFRS-based Code of Practice will match the annual principal repayment for the associated deferred liability.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

Repayments included in annual PFI or finance leases are applied as MRP.

The Authority is establishing a company which will be provided with loans from the Authority on a commercial basis. The cash advances will be used by the company to fund capital expenditure and should therefore be treated as capital expenditure and a loan to a third party. The Capital Financing Requirement (CFR) will increase by the amount of loans advanced and under the terms of contractual loan agreements are due to be returned in full by 2040. Once funds are returned to the Authority, the returned funds are classed as a capital receipt, off-set against the CFR, which will reduce accordingly. The repayment terms of the loan are uncertain and therefore the Authority will set aside a prudent provision to repay the debt liability in the interim period.

2.4 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

2.5 Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Non-HRA	3.55	4.83	6.74	8.30	9.76
HRA	13.13	14.20	16.20	17.17	18.35

The estimates of financing costs include current commitments and the proposals in this budget report.

2.6 Incremental impact of capital investment decisions on council tax

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

Incremental impact of capital investment decisions on the band D council tax

£	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Council tax band D	21.58	47.09	58.16	35.55	24.87

2.7 Estimates of the incremental impact of capital investment decisions on housing rent levels

Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

Incremental impact of capital investment decisions on housing rent levels

£	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Weekly housing rent levels	-0.50	23.53	12.47	-19.73	-25.74

This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The Council's forecast treasury portfolio position at 31 March 2016, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
External Debt					
Debt at 1 April	304,080	304,080	450,218	522,087	578,692
Expected change in Debt	0	61,222	107,357	61,570	58,140
Other long-term liabilities (OLTL)	16,780	16,407	16,034	15,661	15,288
Expected change in OLTL	-373	-373	-373	-373	-373
Actual gross debt at 31 March	**320,487**	**381,336**	**573,236**	**598,945**	**651,747**
The Capital Financing Requirement	435,129	546,454	617,951	674,182	705,223
Under / (over) borrowing	**114,642**	**165,118**	**44,715**	**75,237**	**53,476**

.

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2016/17 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Chief Operating Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary: This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary £m	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2018/19 Estimate
Debt	603,261	657,366	696,830	711,191	729,666
Other long term liabilities	16,780	16,407	16,034	16,034	16,034
Total	**620,041**	**673,773**	**712,864**	**727,225**	**745,700**

The authorised limit for external debt: A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

Authorised Limit £m	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Debt	603,261	657,366	696,830	711,191	729,666
Other long term liabilities	31,780	31,407	31,034	31,034	31,034
Total	**635,041**	**688,773**	**727,864**	**742,225**	**760,700**

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

HRA Debt Limit £m	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
HRA DEBT CAP	240,043	240,043	240,043	240,043	240,043
HRA CFR	201,614	221,037	227,164	230,729	230,729
HRA headroom	**-38,429**	**-19,006**	**-12,879**	**-9,314**	**-9,314**

3.3 Prospects for interest rates

The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the central view.

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Bank rate	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%
5yr PWLB rate	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%
10yr PWLB rate	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%
25yr PWLB rate	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.10%	4.10%
50yr PWLB rate	3.20%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	3.90%	4.00%	4.00%	4.00%

UK: UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and although the 2015 growth rate is likely to be a leading rate in the G7 again, it looks likely to disappoint previous forecasts and come in at about 2%. Quarter 1 of 2015 was weak at +0.4% (+2.9% y/y) though there was a slight increase in quarter 2 to +0.5% (+2.3% y/y) before weakening again to +0.4% (2.1% y/y) in quarter 3. The November Bank of England Inflation Report included a forecast for growth to remain around 2.5 – 2.7% over the next three years, driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that CPI inflation has fallen to, or near to, zero since February 2015. Investment expenditure is also expected to support growth. However, since the August Inflation report was issued, most worldwide economic statistics have been weak and financial markets have been particularly volatile. The November Inflation Report flagged up particular concerns for the potential impact of these factors on the UK.

The Inflation Report was also notably subdued in respect of the forecasts for inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon was the biggest since February 2013. However, the first round of falls in oil, gas and food prices over late 2014 and also in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but a second, more recent round of falls in fuel and commodity prices will delay a significant tick up in inflation from around zero: this is now expected to get back to around 1% by the end of 2016 and not get to near 2% until the second half of 2017, though the forecasts in the Report itself were for an even slower rate of increase. However, more falls in the price of oil and imports from emerging countries in early 2016 will further delay the pick up in inflation. There is therefore considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate.

The weakening of UK GDP growth during 2015 and the deterioration of prospects in the international scene, especially for emerging market countries, have consequently led to forecasts for when the first increase in Bank Rate would occur being pushed back to quarter 4 of 2016. There is downside risk to this forecast i.e. it could be pushed further back.

USA. The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015, but then pulled back to 2.0% in quarter 3. The run of strong monthly increases in nonfarm payrolls figures for growth in employment in 2015 prepared the way for the Fed. to embark on its long awaited first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.

EZ. In the Eurozone, the ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it was intended to run initially to September 2016. At the ECB's December meeting, this programme was extended to March 2017 but was not increased in terms of the amount of monthly purchases. The ECB also cut its deposit facility rate by 10bps from -0.2% to -0.3%. This programme of monetary easing has had a limited positive effect in helping a recovery in consumer and business confidence and a start to some improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.3% y/y) but has then eased back to +0.4% (+1.6% y/y) in quarter 2 and to +0.3% (+1.6%) in quarter 3. Financial markets were disappointed by the ECB's lack of more decisive action in December and it is likely that it will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.

Greece. During July, Greece finally capitulated to EU demands to implement a major programme of austerity and is now cooperating fully with EU demands. An €86bn third bailout package has since been agreed though it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so Greek exit from the euro may only have been delayed by this latest bailout.

Portugal and Spain. The general elections in September and December respectively have opened up new areas of political risk where the previous right wing reform-focused pro-austerity mainstream political parties have lost their majority of seats. An anti-austerity coalition has won a majority of seats in Portugal while the general election in Spain produced a complex result where no combination of two main parties is able to form a coalition with a majority of seats. It is currently unresolved as to what administrations will result from both these situations. This has created nervousness in bond and equity markets for these countries which has the potential to spill over and impact on the whole Eurozone project.

- Investment returns are likely to remain relatively low during 2016/17 and beyond;

- Borrowing interest rates have been highly volatile during 2015 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. Gilt yields have continued to remain at historically phenominally low levels during 2015. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt;

- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

3.4 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with new loan debt (external borrowing), as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

Against this background and the risks within the economic forecast, caution will be adopted with the 2016/17 treasury operations. The Chief Operating Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates* (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed.

- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast,* perhaps arising from an acceleration in the start date and in the rate of increase in central rates in both the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

Any borrowing decisions will be done under delegated authoirty and reported to the Policy and Resources Committee.

Treasury management limits on activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is recommended to approve the following treasury indicators and limits:

£m	**2016/17**	**2017/18**	**2018/19**
Interest rate exposures			
	Upper	**Upper**	**Upper**
Limits on fixed interest rate exposure	100%	100%	100%
Limits on variable interest rate exposure	30%	30%	30%
Maturity structure of fixed interest rate borrowing 2016/17			
		Lower	**Upper**
Under 12 months		0%	50
12 months to 2 years		0%	50
2 years to 5 years		0%	75
5 years to 10 years		0%	75
10 years to 50 years		0%	100
Maturity structure of variable interest rate borrowing 2016/17			
		Lower	Upper
Under 12 months		0%	50
12 months to 2 years		0%	50
2 years to 5 years		0%	75
5 years to 10 years		0%	75
10 years to 50 years		0%	100

3.5 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6 Debt rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to Policy Resources Committee at the earliest meeting following its action.

3.7 Municipal Bond Agency

It is likely that the Municipal Bond Agency, currently in the process of being set up, will be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). This Authority intends to make use of this new source of borrowing as and when appropriate.

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in appendix 5.3 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

4.2 Creditworthiness policy

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and

- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Chief Operating Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by Capita Asset Services, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions. (The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

- Banks 1 - good credit quality **–** the Council will only use banks which:

i. are UK banks; and/or

ii. are non-UK and domiciled in a country which has a minimum sovereign Long Term rating of AA-

and have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

i. Short Term *F+ or equivalent*

ii. Long Term *A- or equivalent*

- Banks 2 – Part nationalised UK bank – Royal Bank of Scotland.(RBS)This bank can be included provided it continues to be part nationalised or it meets the ratings in Banks 1 above.
- Banks 3 – The Council's own banker (currently RBS) for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- Bank subsidiary and treasury operation -. The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above..
- Building societies. The Council will *use* all societies which:

i. Meet the ratings for banks outlined above; or on the advice of TM adviser if criteria not met.

- Money market funds (MMFs) – *AAA*
- Enhanced money market funds (EMMFs) - AAA
- UK Government (including gilts and the DMADF)
- Local authorities, parish councils etc
- Supranational institutions
- *Subject to formal approval the* Council intends to lend funds of up to £65 million, to the Barnet Group Registered Provider Open Door to finance social housing. This is classified as being a policy investment, rather than a treasury management investment, and is therefore outside of the specified / non specified investment categories.

A limit of £150 million will be applied to the use of non-specified investments.
The types of investments that may be used by the Authority and whether they are specified or non-specified are set out in the table below:

Specified and Non-Specified Investments

Investment	Specified	Non-Specified

Term deposits with banks and building societies	✓	✓
Term deposits with other UK local authorities	✓	✓
Investments with Registered Providers	✓	✓
Certificates of deposit with banks and building societies	✓	✓
Gilts	✓	✓
Treasury Bills (T-Bills)	✓	×
Bonds issued by Multilateral Development Banks	✓	✓
Local Authority Bills	✓	×
Commercial Paper	✓	×
Corporate Bonds	✓	✓
AAA rated Money Market Funds	✓	×
Other Money Market and Collective Investment Schemes (Pooled Funds)	✓	✓
Other pooled equity and property funds	✓	✓
Debt Management Account Deposit Facility	✓	×

Investments with Registered Providers will be analysed on an individual basis and discussed with the Council's treasury adviser prior to an investment decision.

Any institution can be suspended or removed should any factors give rise to concern.

The minimum credit rating for non-UK sovereigns is AA+ (or equivalent). For specified investments the minimum long term rating for counterparties is A- (or equivalent). As detailed in non-specified investments in Appendix E, the Director of Finance will have discretion to make investments with counterparties that do not meet the specified criteria on advice from the treasury adviser

Any institution will be suspended or removed should any of the factors identified above give rise to concern. Credit ratings are monitored by the Authority on an on-going basis and whenever a new investment is under consideration. The Authority is informed by the treasury adviser of ratings changes and appropriate action to be taken.

It remains the Council's policy to make exceptions to counterparty policy established around credit ratings, but this is conditional and directional. What this means is that an institution that meets criteria may be suspended, but institutions not meeting criteria will not be added.

Use of additional information other than credit ratings. Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating

Watches/Outlooks) will be applied to compare the relative security of differing investment counterparties.

The proposed criteria for specified and non-specified investments are shown in Appendix 5.4 for approval.

4.3 Country and sector limits

Due care will be taken to consider the country, group and sector exposure of the Council's investments.

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of *AA- f*rom Fitch, or equivalent. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.5. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

In addition:

- no more than £25 million will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

4.4 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations. Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 4 of 2016. Bank Rate forecasts for financial year ends (March) are:

- 2016/17 0.75%
- 2017/18 1.25%
- 2018/19 1.75%
- 2021/22 2.75%
- 2022/23 2.75%

The overall balance of risks to these forecasts is currently to the downside (i.e. start of increases in Bank Rate occurs later). However, should the pace of growth quicken and / or forecasts for increases in inflation rise, there could be an upside risk.

Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

T**he Council is asked to approve the treasury indicator and limit: -**

Maximum principal sums invested > 364 days			
£m	**2016/17**	**2017/18**	**2018/19**
Principal sums invested > 364 days	£m 150	£m 150	£m 150

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to100 days) in order to benefit from the compounding of interest.

4.5 Icelandic bank investments

The Council holds a residual balance in relation to the former Icelandic bank Glitnir.This is held in an escrow account and subject to currency controls .It is intended to sell this asset and repatriate funds due as soon as currency export restrictions are lifted by the Icelandic Government.

4.6 Investment risk benchmarking

This Council will use an investment benchmark to assess the investment performance of its investment portfolio of the 7 day LIBID rate.

4.7 End of year investment report

At the end of the financial year, the Council will report on its investment activity for the previous year.

5 APPENDICES

(These can be appended to the report or omitted as required)

1. Economic background
2. Treasury management practice– credit and counterparty risk management on
3. Approved countries for investments

Annex 1

Economic Background

UK. UK GDP growth rates in of 2.2% in 2013 and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and although the 2015 growth rate is likely to be a leading rate in the G7 again, it looks likely to disappoint previous forecasts and come in at about 2%. Quarter 1 2015 was weak at +0.4% (+2.9% y/y), although there was a slight increase in quarter 2 to +0.5% before weakening again to +0.4% (+2.1% y/y) in quarter 3. The Bank of England's November Inflation Report included a forecast for growth to remain around 2.5% – 2.7% over the next three years. For this recovery, however, to become more balanced and sustainable in the longer term, it still needs to move away from dependence on consumer expenditure and the housing market to manufacturing and investment expenditure. The strong growth since 2012 has resulted in unemployment falling quickly to a current level of 5.1%.

Since the August Inflation report was issued, most worldwide economic statistics have been weak and financial markets have been particularly volatile. The November Inflation Report flagged up particular concerns for the potential impact of these factors on the UK. Bank of England Governor Mark Carney has set three criteria that need to be met before he would consider making a start on increasing Bank Rate. These criteria are patently not being met at the current time, (as he confirmed in a speech on 19 January):

- *Quarter-on-quarter GDP growth is above 0.6% i.e. using up spare capacity. This condition was met in Q2 2015, but Q3 came up short and Q4 looks likely to also fall short.*
- *Core inflation (stripping out most of the effect of decreases in oil prices), registers a concerted increase towards the MPC's 2% target. This measure was on a steadily decreasing trend since mid-2014 until November 2015 @ 1.2%. December 2015 saw a slight increase to 1.4%.*
- *Unit wage costs are on a significant increasing trend. This would imply that spare capacity for increases in employment and productivity gains are being exhausted, and that further economic growth will fuel inflationary pressures.*

The MPC has been particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of CPI inflation in order to underpin a sustainable recovery. It has, therefore, been encouraging in 2015 to see wage inflation rising significantly above CPI inflation which has been around zero since February. However, it is unlikely that the MPC would start raising rates until wage inflation was expected to consistently stay over 3%, as a labour productivity growth rate of around 2% would mean that net labour unit costs would still only be rising by about 1% y/y. The Inflation Report was notably subdued in respect of the forecasts for CPI inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon it was the biggest since February 2013. However, the first round of falls in oil, gas and food prices in late 2014 and in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but only to be followed by a second, subsequent round of falls in fuel and commodity prices which will delay a significant tick up in inflation from around zero. CPI inflation is now expected to get back to around 1% in the second half of 2016 and not get near to 2% until the second half of 2017, though the forecasts in the Report itself were for an even slower rate of increase.

However, with the price of oil having fallen further in January 2016, and with sanctions having been lifted on Iran, enabling it to sell oil freely into international markets, there could well be some further falls still to come in 2016. The price of other commodities exported by emerging countries could also have downside risk and several have seen their currencies already fall by 20-30%, (or more), over the last year. These developments could well lead the Bank of England to lower the pace of increases in inflation in its February 2016 Inflation Report. On the other hand, the start of the national living wage in April 2016 (and further staged increases until 2020), will raise wage inflation; however, it could also result in a decrease in employment so the overall inflationary impact may be muted.

Confidence is another big issue to factor into forecasting. Recent volatility in financial markets could dampen investment decision making as corporates take a more cautious view of prospects in the coming years due to international risks. This could also impact in a slowdown in increases in employment. However, consumers will be enjoying the increase in disposable incomes as a result of falling prices of fuel, food and other imports from emerging countries, so this could well feed through into an increase in consumer expenditure and demand in the UK economy, (a silver lining!). Another silver lining is that the UK will not be affected as much as some other western countries by a slowdown in demand from emerging countries, as the EU and US are our major trading partners.

There is, therefore, considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate. There are also concerns around the fact that the central banks of the UK and US currently have few monetary policy options left to them given that central rates are near to zero and huge QE is already in place. There are, accordingly, arguments that rates ought to rise sooner and quicker, so as to have some options available for use if there was another major financial crisis in the near future. But it is unlikely that either would aggressively raise rates until they are sure that growth was securely embedded and 'noflation' was not a significant threat.

The forecast for the first increase in Bank Rate has, therefore, been pushed back progressively over the last year from Q4 2015 to Q4 2016. Increases after that are also likely to be at a much slower pace, and to much lower final levels than prevailed before 2008, as increases in Bank Rate will have a much bigger effect on heavily indebted consumers and householders than they did before 2008. There has also been an increase in momentum towards holding a referendum on membership of the EU in 2016, rather than in 2017, with Q3 2016 being the current front runner in terms of timing; this could impact on MPC considerations to hold off from a first increase until the uncertainty caused by it has passed.

The Government's revised Budget in July eased the pace of cut backs from achieving a budget surplus in 2018/19 to achieving that in 2019/20 and this timetable was maintained in the November Budget.

USA. GDP growth in 2014 of 2.4% was followed by Q1 2015 growth, which was depressed by exceptionally bad winter weather, at only +0.6% (annualised). However, growth rebounded remarkably strongly in Q2 to 3.9% (annualised) before falling back to +2.0% in Q3.

Until the turmoil in financial markets in August, caused by fears about the slowdown in Chinese growth, it had been strongly expected that the Fed. would start to increase rates in September. The Fed pulled back from that first increase due to global risks which might depress US growth and put downward pressure on inflation, as well as a 20% appreciation of the dollar which has caused the Fed. to lower its growth forecasts. Although the non-farm payrolls figures for growth in employment in August and September were disappointingly weak, the October figure was stunningly strong while November was also reasonably strong (and December was outstanding); this, therefore, opened up the way for the Fed. to embark on its first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.

EZ. In the Eurozone, the ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. At the ECB's December meeting, this programme was extended to March 2017 but was not increased in terms of the amount of monthly purchases. The ECB also cut its deposit facility rate by 10bps from -0.2% to -0.3%. This programme of monetary easing has had a limited positive effect in helping a recovery in consumer and business confidence and a start to some improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.3% y/y) but has then eased back to +0.4% (+1.6% y/y) in quarter 2 and to +0.3% (+1.6%) in quarter 3. Financial markets were disappointed by the ECB's lack of more decisive action in December and it is likely that it will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.

Greece. During July, Greece finally capitulated to EU demands to implement a major programme of austerity. An €86bn third bailout package has since been agreed although it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the initial resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so a Greek exit from the euro may only have been delayed by this latest bailout.

Portugal and Spain. The general elections in September and December respectively have opened up new areas of political risk where the previous right wing reform-focused pro-austerity mainstream political parties have lost their majority of seats. A left wing / communist anti-austerity coalition has won a majority of seats in Portugal. The general election in Spain produced a complex result where no combination of two main parties is able to form a coalition with a majority of seats. It is currently unresolved as to what administrations will result from both these situations. This has created nervousness in bond and equity markets for these countries which has the potential to spill over and impact on the whole Eurozone project.

China and Japan. Japan is causing considerable concern as the increase in sales tax in April 2014 suppressed consumer expenditure and growth. In Q2 2015 quarterly growth shrank by -0.2% after a short burst of strong growth of 1.1% during Q1, but then came back to +0.3% in Q3 after the first estimate had indicated that Japan had fallen back into recession; this would have been the fourth recession in five years. Japan has been hit hard by the downturn in China during 2015 and there are continuing concerns as to how effective efforts by the Abe government to stimulate growth, and increase the rate of inflation from near zero, are likely to prove when it has already fired the first two of its 'arrows' of reform but has dithered about firing the third, deregulation of protected and inefficient areas of the economy.

As for China, the Government has been very active during 2015 and the start of 2016, in implementing several stimulus measures to try to ensure the economy hits the growth target of about 7% for 2015. It has also sought to bring some stability after the major fall in the onshore Chinese stock market during the summer and then a second bout in January 2016. Many commentators are concerned that recent growth figures could have been massaged to hide a downturn to a lower growth figure. There are also major concerns as to the creditworthiness of much of bank lending to corporates and local government during the post 2008 credit expansion period. Overall, China is still expected to achieve a growth figure that the EU would be envious of. Nevertheless, there are growing concerns about whether the Chinese economy could be heading for a hard landing and weak progress in rebalancing the economy from an over dependency on manufacturing and investment to consumer demand led services. There are also concerns over the volatility of the Chinese stock market, which was the precursor to falls in world financial markets in August and September and again in January 2016, which could lead to a flight to quality to bond markets. In addition, the international value of the Chinese currency has been on a steady trend of weakening and this will put further downward pressure on the currencies of emerging countries dependent for earnings on exports of their commodities.

Emerging countries. There are also considerable concerns about the vulnerability of some emerging countries, and their corporates, which are getting caught in a perfect storm. Having borrowed massively in dollar denominated debt since the financial crisis, (as investors searched for yield by channelling investment cash away from western economies with dismal growth, depressed bond yields and near zero interest rates into emerging countries), there is now a strong flow back to those western economies with strong growth and a path of rising interest rates and bond yields.

The currencies of emerging countries have therefore been depressed by both this change in investors' strategy, and the consequent massive reverse cash flow, and also by the expectations of a series of central interest rate increases in the US which has caused the dollar to appreciate significantly. In turn, this has made it much more costly for emerging countries to service their dollar denominated debt at a time when their earnings from commodities are depressed by a simultaneous downturn in demand for their exports and a deterioration in the value of their currencies. There are also likely to be major issues when previously borrowed debt comes to maturity and requires refinancing at much more expensive rates.

Corporates (worldwide) heavily involved in mineral extraction and / or the commodities market may also be at risk and this could also cause volatility in equities and safe haven flows to bonds. Financial markets may also be buffeted by the sovereign wealth funds of those countries that are highly exposed to falls in commodity prices and which, therefore, may have to liquidate investments in order to cover national budget deficits.

CAPITA ASSET SERVICES FORWARD VIEW

Economic forecasting remains difficult with so many external influences weighing on the UK. Capita Asset Services undertook its last review of interest rate forecasts on 19 January 2016. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data evolves over time. . There is much volatility in rates and bond yields as news ebbs and flows in negative or positive ways. This latest forecast includes a first increase in Bank Rate in quarter 4 of 2016.

The overall trend in the longer term will be for gilt yields and PWLB rates to rise when economic recovery is firmly established accompanied by rising inflation and consequent increases in Bank Rate, and the eventual unwinding of QE. At some future point in time, an increase in investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently to the downside, given the number of potential headwinds that could be growing on both the international and UK scene. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

However, the overall balance of risks to our Bank Rate forecast is probably to the downside, i.e. the first increase, and subsequent increases, may be delayed further if recovery in GDP growth, and forecasts for inflation increases, are lower than currently expected. Market expectations in January 2016, (based on short sterling), for the first Bank Rate increase are currently around quarter 1 2017.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or Fed. rate increases, causing a flight to safe havens.
- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Monetary policy action failing to stimulate sustainable growth and combat the threat of deflation in western economies, especially the Eurozone and Japan.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- Uncertainty around the risk of a UK exit from the EU.
- The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

Annex2: Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

Annex 2 Practice (TMP1) – Credit and Counterparty Risk Management

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 23 March 2003 and will apply its principles to all investment activity. In accordance with the Code, the Chief Operating Officer has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated *AAA* by Standard and Poor's, Moody's and / or Fitch rating agencies.
5. A body that is considered of a high credit quality (such as a bank or building society For category 5 this covers bodies with a minimum Short Term rating of F1or the equivalent) as rated by Standard and Poor's, Moody's and / or Fitch rating agencies .

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are a maximum of 364 days and a counterparty limit of £25 million.

Non-specified investments –are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

	Non Specified Investment Category
a.	**Supranational bonds greater than 1 year to maturity** **(a) Multilateral development bank bonds** - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.). **(b) A financial institution that is guaranteed by the United Kingdom Government** (e.g. National Rail, the Guaranteed Export Finance Company {GEFCO}) The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.
b.	**Gilt edged securities** with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.
c.	**The Council's own banker** if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.
d.	**Building societies not meeting the basic security requirements under the specified investments**. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies see Note 1
e.	Any **bank or building society** that has a minimum long term credit rating of AA_, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).
f.	Any **non-rated subsidiary** of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to further advice on the appropriateness and associated risks with investments in these categories
g.	**Share capital** in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will

	not be invested in corporate bodies. See note 1 below.
h.	**Loan capital** in a body corporate. See note 1 below
i.	**Bond funds.** See note 1 below.
j.	**Property funds** – The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using.

NOTE 1. This Authority will seek further advice on the appropriateness and associated risks with investments in these categories.

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Capita Asset Services as and when ratings change, and counterparties are checked promptly) On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Director of Finance, and if required new counterparties which meet the criteria will be added to the list.

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria. A maximum of £150 million ** will be held in aggregate in non-specified investment

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

Recommended Sovereign and Counterparty List

For credit rated counterparties, the minimum criteria will be the lowest equivalent long-term ratings assigned by Fitch, Moody's and Standard & Poor's (where assigned).

Long-term minimum: A-(Fitch); A (Moody's;) A (S&P)
The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.
Investment subject to £150 million total limit if duration more than 364 days

Group Limits - For institutions within a banking group, the authority executes a limit of 1.5 times the individual limit of a single bank within that group.

New specified investments will be made within the following limits:

Instrument	Country/ Domicile	Counterparty	Maximum Counterparty Limits £m
Term Deposits	UK	DMADF, DMO	No limit
Term Deposits/Call Accounts	UK	Other UK Local Authorities	£25 million
Term Deposits/Call Accounts	UK*	Counterparties rated at least A- Long Term)	£25 million
Term Deposits/Call Accounts	Non-UK*	Counterparties rated at least A- Long Term in select countries with a Sovereign Rating of at least AA-	£25 million
CDs and other negotiable instruments		with banks and building societies which meet the specified investment criteria (on advice from TM Adviser)	£25 million
Deposits	UK	Registered Providers (Former RSLs)	£5m per RP
Gilts	UK	DMO	No limit
T-Bills	UK	DMO	No limit
Bonds issued by multilateral development banks		(For example, European Investment Bank/Council of Europe, Inter American Development Bank)	
AAA-rated Money Market Funds	UK/Ireland/ Luxembourg domiciled	CNAV MMF's VNAV MMF's (where there is greater than 12 month history of a consistent £1 Net Asset Value)	10% of total LBB investment cash outstanding, for each MMF.
Other MMF's and CIS	UK/Ireland/ Luxembourg domiciled	Collective Investment Schemes (pooled funds) which meet the definition of collective investment schemes in SI 2004 No 534 or SI 2007 No 573 and subsequent amendments	10% of total LBB investment cash outstanding, for each MMF/CIS.

For Non-UK Banks - a maximum exposure of £40 million per country will apply to limit the risk of over-exposure to any one country.

Non-specified investments may be made with the following instruments:
(The Authority will have a maximum of £100million of its investment portfolio in non-specified investments.)

Instrument	**Maximum maturity**	**Max £M of portfolio and Credit limit**	**Capital expenditure?**	**Example**
Term deposits with banks, building societies which meet the specified investment criteria	10 years	£10m per counterparty	No	
Term deposits with local authorities	10 years	£25m per authority	No	
CDs and other negotiable instruments with banks and building societies which meet the specified investment criteria	10 years	£10m per counterparty	No	
Gilts	10 years	£20 million Credit limit not applicable gilts issued by UK Government	No	
Bonds issued by multilateral development banks	10 years	£20 million Minimum credit rating AA+	No	EIB Bonds, Council of Europe Bonds etc.
Sterling denominated bonds by non-UK sovereign governments	5 years	£20 million Minimum credit rating AA+	No	
Other Non-Specified investments for consideration (such investment will be subject to credit assessment by the Council's treasury advisor on a case by case basis				
Money Market Funds and Collective Investment Schemes	N/A – these funds do not have a defined maturity date	£25 million	No	Investec Target Return Fund; Elite Charteris Premium Income Fund; LAMIT; M&G Global Dividend Growth Fund
Deposits with registered providers	5 years	£5m per registered provider/£20 million overall	No	Barnet Homes Open Door not within TMS
Corporate and debt instruments issued by	5 years	20%	No	

corporate bodies purchased from 01/04/12 onwards				
Collective Investment Schemes (pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No 534 or SI 2007 No 573 and subsequent amendments	N/A – these funds do not have a defined maturity date	£10 million	Yes	Way Charteris Gold Portfolio Fund; Aviva Lime Fund
Bank or building societies not meeting specified criteria	3 months	£10m per counterparty	No	Bank or building societies not meeting specified criteria

5.2 Practice (TMP1) – Credit and Counterparty Risk Management

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 23 March 2003 and will apply its principles to all investment activity. In accordance with the Code, the Chief Operating Officer has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

6. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
7. Supranational bonds of less than one year's duration.
8. A local authority, parish council or community council.
9. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated *AAA* by Standard and Poor's, Moody's and / or Fitch rating agencies.

10. A body that is considered of a high credit quality (such as a bank or building society For category 5 this covers bodies with a minimum Short Term rating of F1or the equivalent) as rated by Standard and Poor's, Moody's and / or Fitch rating agencies .

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are a maximum of 364 days and a counterparty limit of £25 million.

Non-specified investments –are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

	Non Specified Investment Category	Limit (£ or %)
k.	**Supranational bonds greater than 1 year to maturity** **(a) Multilateral development bank bonds** - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.). **(b) A financial institution that is guaranteed by the United Kingdom Government** (e.g. National Rail, the Guaranteed Export Finance Company {GEFCO}) The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	
l.	**Gilt edged securities** with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	
m	**The Council's own banker** if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	
n.	**Building societies not meeting the basic security requirements under the specified investments**. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which have a minimum asset size of £*XX*m, but will restrict these type of investments to *XXX (insert local criteria from body of main report*)	
o.	Any **bank or building society** that has a minimum long term credit rating of AA_, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	
p.	Any **non rated subsidiary** of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to further advice on the	

	appropriateness and associated risks with investments in these categories	
q.	**Share capital** in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. See note 1 below.	
r.	**Loan capital** in a body corporate. See note 1 below	
s.	**Bond funds.** See note 1 below.	
t.	**Property funds** – The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using.	

NOTE 1. This Authority will seek further advice on the appropriateness and associated risks with investments in these categories.

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Capita Asset Services as and when ratings change, and counterparties are checked promptly) On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Director of Finance, and if required new counterparties which meet the criteria will be added to the list.

10.3 APPENDIX: Approved countries for investments

This list is based on those countries which have sovereign ratings of AA- or higher and also, have banks operating in sterling markets which have credit ratings of green or above in the Capita Asset Services credit worthiness service.

AAA

- Australia
- Canada

AA+

- U.K.

This page is intentionally left blank

Appendix J

Transformation programme

1. Introduction

In December 2014, Policy and Resources Committee approved a transformation programme to deliver the savings required by the Medium Term Financial Strategy and the outcomes set in the Council's Corporate Plan to 2020. The Plan commits the Council to strive to make sure the Barnet is the place:

- Of opportunity, where people can further their quality of life
- Where responsibility is shared, fairly
- Where people are helped to help themselves, recognising that prevention is better than cure
- Where services are delivered efficiently, making the most of the resources available to get value for money for the taxpayer.

As a result of the provisional local government settlement, the Council has a financial gap of £81.1m in the years 2016 to 2020. To meet the challenges of years ahead, the Council has a clear strategy in place:

- Using capital investment in infrastructure to ensure that Barnet remains a place where people want to live and work
- Maximising the revenues we generate locally through growth and investment
- Transforming the way we design and deliver services
- Promoting community participation and resilience
- Managing demand for services

The transformation programme is in place to achieve the outcomes set by the Corporate Plan and the savings required by the Medium Term Financial Strategy. Our approach is to target investment which benefits residents. First and foremost, this means directly investing in changes which have an impact on the ground – for example, expanding the multi-agency employment support team currently based in Burnt Oak to cover another priority locality and enable more people into work and develop their own resilience. It means investing in schemes and contracts which support people with mental health conditions or learning disabilities to access employment opportunities and become more independent. Through the programme we will also develop new models of social work practice, and new intervention or therapies which reduce the need for higher cost placements and the number of adolescents in residential care. In addition, we will develop new commercial approaches or offers to generate additional income – while maintaining high standards of service. For example, this includes funding to improve the Council's commercial waste offer to local businesses, as well as the commencement of the new Education and Skills service to offer services to other schools in Barnet and other areas.

The Council has an established model for ensuring projects are developed and delivered in an effective way, with business cases and recommendations presented to Committees at set points. This approach, reviewing projects at set gateways, testing and refining business cases, is intended to ensure that the Council delivers the desired benefits and outcomes, with appropriate funding in place. Overall progress of the programme will be reported each quarter to Performance and Contract Management Committee.

2. Financial benefits

Not all of the £81m of savings and financial benefit will come from the transformation programme. Some of this will be delivered outside of the programme through contractual / operational or financing changes such as reduced borrowing costs. However, £63m will come from the transformation programme. At the heart of this approach is an invest-to-save model to achieve the best results for residents. This is based on a total of £22m funding from the transformation reserve to achieve cumulative benefits of £171m by 2020.

Portfolio	Total Cost (£k)	Total Savings (£k)					
		2015/16	2016/17	2017/18	2018/19	2019/20	Total
Adults & Health	**5,850**	967	3,383	5,411	5,161	4,497	**19,419**
Central	**3,330**	0	542	2,625	645	44	**3,856**
Children & Families	**7,520**	525	1,626	3,232	1,919	5,568	**12,870**
Environment	**4,020**	1,062	6,863	2,213	987	874	**11,999**
Growth & Development	**1,660**	240	2,770	5,185	5,551	902	**14,648**
Total savings to Base Budgets	**22,380**	**2,794**	**15,184**	**18,666**	**14,263**	**11,885**	**62,792**
Cumulative savings to Base Budget		**2,794**	**17,978**	**36,644**	**50,907**	**62,792**	**171,115**

3. Key projects

The Transformation Programme includes a range of projects as shown below. A number of projects are established, underway or in delivery stage.

Adults & Health Portfolio

Cross-cutting
- Adults ADM
- Your Choice Barnet
- Demand Management
- Review activity
- Invest in IT

Older People/ Physical Disabilities
- Health and Social Care Integration
- Assistive Technology

Learning Disabilities
- Independence of Young People 0-25s
- Working Age Adults

Mental Health
- Mental Health Transformation

Housing & Support
- Housing & Support projects

Other projects
- Sport & Physical Activity

Children & Families Portfolio

- Family Services ADM/Shared Service
- Education & Skills ADM
- Libraries
- Early Years Vision
- Early Years Delivery
- Recruitment & Retention
- NEETs & Young People
- Education Capital Programme
- Theory of Practice/ Social work practice improvement
- Demand Management interventions
- Youth Services strategy
- Youth Zone
- Education Alternative Provision Model

Environment Portfolio

- Recycling / Collection offer
- Street Cleaning model
- Commercial Waste Income
- Parks investment and improvement
- Sustainable Transport strategy
- Safer Communities projects
- Street Scene ADM
- Depot
- Highways NRP programme
- Parking

Growth & Development Portfolio

- Temporary Accommodation
- Empty Properties
- Entrepreneurial Barnet
- Regeneration programme
- Development Pipeline
- City Deal Devolution

Central Portfolio

- Customer Transformation Programme
- Colindale move
- Smarter Working
- OD strategy implementation
- Community Asset Strategy / Community Centres
- Implementing the Community Participation Strategy
- Unified Reward

4. Transformation Funding

Of the £22.4m funding required to deliver the programme, £18.1m is already in place within the Transformation Reserve which the council set up to enable successful delivery of required changes. As a result of identifying another £29m of savings, we are therefore seeking an additional £4.3m to fund the following, linked to our corporate objectives:

Growth, housing and responsible regeneration

Managing demand

More resilient communities

Transforming services

- Supporting people to find work and improve their employment opportunities, focusing on social care clients and young people at risk of being not in employment, education or training
- Safely reducing the number of children in care by working with social workers and other children's services professionals to embed new social care best practice frameworks & approaches used for targeted intervention and managing demand, such as Signs of Safety, Pause and No Wrong Door
- Improving how residents and businesses access council services by improving the website, moving to online services, redesigning key processes, developing the right face-to-face service points, and providing greater ability to manage demand
- Increasing the independence of social care clients, through additional capacity to improve the review and support planning process including the use of equipment and technology
- Putting in place the most appropriate delivery models for adults social care, children's services and street scene services
- Improving the provision of alternative education services (where pupils engage in timetabled, educational activities away from school and school staff) for Barnet schools within a new Multi-Academy Trust which integrates existing services within suitable accommodation
- Delivering service reforms to early years, youth, adoption, and CAMHS services
- Reinforcing a culture that rewards high performance and drives up productivity by implementing new pay, grading and contractual arrangements to ensure a better overall package in terms of basic pay.

To reduce the amount of additional funding required for these new projects to £4.3m, we have used underspends from existing funding for the following:

- £1.40m of legal advisory funding as this has been budgeted for within each project as required; £0.1m funding remains
- £0.50m of contingency as the remaining £0.50m is judged to be a prudent contingency to hold at this time
- £0.78m of funding allocated to projects which is no longer required.

With a large programme of over 100 projects (including capital and infrastructure schemes), part of the funding is also allocated to project management – to give sufficient capacity and focus to achieve the projects to time, cost and quality. Part of the CSG contract is the Corporate Programmes team, and the Council has negotiated for this contract to provide this core project management capacity as salaried positions to secure value and giving a sustainable approach. This approach, as well as use of good value alternative providers where appropriate, has allowed us to keep costs associated with programme and project management to under a third of total transformation costs. The remainder is spent on directly investing in front line services and new social care models, as well as the required subject-matter expertise and commercial and technical support.

5. Overall benefits

Some of the main benefits that will be delivered by the programme are shown in the table below.

Area	Benefit
Growth & Regeneration	
Empty Properties	Two year pilot of additional investment to bring back more properties into use and provide houses for Barnet Homes to use for temporary accommodation (TA)
Temp Accommodation	Additional capacity within Barnet Homes to move households out of TA and prevent cases of homelessness
Employment and skills	Support people to find work through continued investment in the multi-agency employment support team in Burnt Oak, as well as new investment in a similar model in another area
Environment	
Street Scene ADM	Explore in house transformation, shared services and alternative models of delivery across the Street Scene Delivery Unit to deliver more effective and efficient services
Recycling & Collection	Increase recycling rates, reduce waste tonnages and maintain high levels of satisfaction with the waste service, exploring behaviour change and greater efficiency
Street Cleansing	Develop an 'intelligence-led' approach to deploying resources which maintains standards of street cleansing in the borough, improves resident satisfaction and realises operational savings
Parks	Delivery of parks strategy, capital investment in parks
Sustainable Transport Strategy	Improve the management of traffic flows and parking across the borough, to maintain road safety and air quality, and improve radial routes for public transport
Children & Family Services	
Family Services ADM / Shared Service	Explore opportunities to develop a social work-led, not-for-profit organisation to provide some services for children and young people
Theory of Practice/ Practice Improvement	Develop new social care practice approaches used for targeted intervention, (e.g. Signs of Safety), working with social workers and other children's services professionals to prevent escalation of the needs of children and young people
Children and adolescent Demand Management	Safely reduce the number of children in care through specialist interventions, considering therapies to support adolescents on the edge of care to prevent the escalation of their care and support needs as well as interventions to reduce 'repeat removals'
Early Years	Develop and deliver a new model for early years services which focuses on developing a more flexible, targeted model with greater community involvement and improved identification and support for vulnerable families
Youth Services	Develop and deliver a new model for youth services, alongside the development of the new Youth Zone
Alternative Education	Develop a comprehensive spectrum of alternative provision education services where pupils engage in timetabled, educational activities away from school and school staff) for Barnet schools within a new Multi-Academy Trust
NEET and Young People	Provide early personalised support to young people (14-19) who are highly vulnerable, at-high risk of or not taking up employment, education or training (NEET) to develop their employability
Libraries	Delivery of the library strategy, post consultation and Committee
Education and Skills ADM	Develop an alternative delivery model to provide education and skills services by entering into a strategic partnership with Cambridge Education

Adults & Health	
Adults Transformation and ADM	Developing a new approach to adult social work that focuses on identifying people's strengths, what they can do for themselves and what support they can draw upon from family, friends and local community resources. The service will transition to a new delivery model, within which the new approach can flourish. Demand for Council-funded ASC services will fall as people are empowered to take control of their own lives and remain independent for as long as possible.
Older People and Adults with Physical Disabilities	Joining up health and social care services so that residents have a better experience and services are delivered more effectively and efficiently. Continue to improve the review and support planning process both for carers and service users including how housing, equipment and technology can increase independence.
Housing and Support projects	Work with Barnet Homes, developers and private landlords to ensure that accommodation supports people to live independently, through home adaptations and accessible housing; co-habitation with carers and peers; use of specialist home support services including personal assistance, integrated assistive technology; and access to networks of local services
Learning Disabilities	Developing the employment support opportunities for working aged adults with disabilities and ensure there are sufficient opportunities available in the Borough. Continue to improve the review and support planning process both for carers and service users including how housing, equipment and technology can increase independence.
Mental Health	Refocus mental health social care on recovery, maximise inclusion. Implement new social work delivery model, aligned with community development whole family approaches and wider well-being.
Sports and Physical Activity (SPA)	Develop a contract that can improve the participation levels in sport and physical activity across the borough, improving assets, while delivering sport and physical activity services at zero-cost for the council
Central	
Community Participation	A new approach to community participation – encouraging greater levels of participation, increasing independence from Council provision and exploring community delivery of services
Unified Reward	Review pay, grading and contractual arrangements to ensure a better overall package across the organisation in terms of basic pay and reinforcing a culture that rewards high performance and drives up productivity
Smarter Working/Colindale	Restructure the Civic Estate to create fit for purpose, flexible accommodation for the next decade and beyond
Customer Transformation	Improve the website, move to online services, redesign key processes, develop the right face-to-face service points, and provide greater ability to manage demand
Capital Investment	

The following capital investment programmes will also be governed and monitored through our programme:

- Regeneration Programme - delivering major regenerations schemes across the borough
- Development Pipeline - delivering a development pipeline increasing housing supply, including new units for adult social care
- Barnet's Highway Network Recovery plan – investing £50m over the next 5 years to improve the condition of the borough's roads and pavements
- Education Capital Programme - investing in school expansion and improvements to deliver additional forms of entry
- Depot Programme - moving to a new depot location for Waste and Street Scene service delivery

6. Programme cost and benefits

The table below identifies all projects, including new projects, alongside the expected costs of delivery and the expected financial benefits they are to achieve.

Project	Total cost	Total financial benefit
Growth & Development Portfolio		
Barnet Homes Management Agreement	£150,000	Saving of £2.85m (Project closed)
Empty Properties	£147,000	Reduce Temp Accommodation budget pressures
Temporary Accommodation	Funded from existing service budgets	
Entrepreneurial Barnet	£777,000	Increase business rates from economic development
Total	**£1.66m***	**£14.65m**
Environment Portfolio		
Street Scene ADM	£756,000	Saving of £0.7m
Recycling & Collection Offer	£450,000	Saving of £3.16m
Street Cleansing Model	£250,000	Saving of £0.75m
Commercial Waste	£315,000	Saving of £1.0m
Parks Investment & Improvement	£363,000	Saving of £0.80m
Sustainable Transport Strategy	£140,000	
Street Scene Efficiencies	£739,000	Saving of £1.19m (A number of Projects Completed)
Mortuary Shared Services	£70,000	Saving of £0.05m (Project Closed)
Parking service	£486,000	Most cost effective provision for the Parking service
Revenue neutral CCTV service	£70,000	Saving of £0.24m (Project Closed)
Total	**£4.02m***	**£12.00m**
Children & Families Portfolio		
Family Services ADM / Shared Service	£625,000	Saving of £0.80m
Theory of Practice/Practice Improvement	£1,000,000	Saving of £2.20m
Demand Management Interventions	£1,600,000	
Early Intervention and Prevention	£100,000	
Children in Care Resource Management	£100,000	
Workforce and third party efficiencies	£100,000	Saving of £1.68m
Reforms to Early Years	£667,395	Saving of £3.04m
Reforms to Youth Services	£100,000	Saving of £0.80m
CAMHS/Health Visitors Procurement	£70,000	Saving of £0.20m
Alternative Education Provision model	£120,000	
NEETS and Young People support	£185,000	
Reforms to Libraries	£342,700	Saving of £2.85m
Education and Skills ADM	£1,480,000	Saving of £1.15m
Total	**£7.52m***	**£12.87m**
Adults & Health Portfolio		
Adults Social Care ADM	£1,260,000	Saving of £18.45m
Housing & Support projects	Funded from existing service budgets	
Your Choice Barnet		
Assistive Technology for care support		
Demand Management	£240,200 & service funded	
Case Review Activity	£385,000	
Health & Social Care Integration	s256 funded	
Independence of Young People with LD	£400,000	
Support for Working Age Adults	£275,000	
Specialist Dementia Support Service	£260,000	

Remaining 2015/16 Adults Programme spend (Mental Health, Housing, Front Door & Invest in IT, Personal Assistants)	£759,000	
Sports and Physical Activity (SPA)	£1,476,000	Saving of £0.97m and improved participation & health outcomes
Total	**£5.85m***	**£19.42m**
Central Portfolio		
Workforce	£1,362,000	Work recruitment, service reorganisations, L&D, apprenticeships, agency reduction
Community Participation	£100,000	Increase levels of participation and independence from Council provision
Unified Reward	£1,050,000	Increase staff performance and productivity, additional to implement
Smarter Working	£360,000	Saving of £2.00m
Customer Transformation Programme	£299,000	Savings of £500k
Total	**£3.33m***	**£3.86m**
Overall Total	**£22.38m**	**£62.79m**

* Total portfolio costs includes an apportionment of central programme costs, contingency and legal advice

This page is intentionally left blank

Appendix K

Reserves and balances policy

Background

This policy sets out the Council's approach to reserves and balances. The policy has regard to LAAP Bulletin 77 'Local Authority Reserves and Balances', issued in November 2008.

In reviewing medium-term financial plans and preparing annual budgets, the Council will consider the establishment and maintenance of reserves for both the general fund and the housing revenue account. The nature and level of reserves will be determined formally by the Council, informed by the judgement and advice of the Chief Finance Officer (CFO).

Types of reserve

The Council will maintain the following reserves:

- general reserve: to manage the impact of uneven cash flows and unexpected events or emergencies;
- specific reserves: sums set aside to meet known or predicted specific requirements.

Specific reserves will be maintained as follows:

- risk reserve: to manage litigation and other corporate risks not otherwise recognised;
- transformation reserve: to fund the transformation programme to change, protect and improve Council services;
- service development reserve: to enable the Council to respond to the most urgent corporate priorities;
- infrastructure reserve: to fund infrastructure necessary to enable development across the borough;
- PFI reserve: to manage the profile of grants and payments in respect of PFI projects;
- financing reserve: to enable the effective management of the medium-term financial strategy;
- schools reserve: balances in respect of delegated school budgets;
- service reserves: funds set aside for specific purposes in respect of individual Council services; and
- capital receipts reserve: capital receipts not yet applied to capital expenditure.

The Council also maintain a number of other reserves that arise out of the interaction between legislation and proper accounting practices. These reserves, which are not resource-backed, will be specified in the annual Statement of Accounts.

Principles to assess the adequacy of reserves

The CFO will advise the Council on the adequacy of reserves. In considering the general reserve, the CFO will have regard to:

- the strategic financial context within which the Council will be operating through the medium-term;
- the overall effectiveness of governance arrangements and the system of internal control;
- the robustness of the financial planning and budget-setting process;
- the effectiveness of the risk management process and the potential impact of risks identified;
- the effectiveness of the budget monitoring and management process.

Having had regard to these matters, the CFO will advise the Council on the monetary value of the required general reserve.

The Council has also considered the Audit Commission's "Striking a Balance" report (December 2012) which outlines the need for elected members to ensure that their council's reserves are appropriate for local circumstances and the risk based considerations to facilitate this.

In considering specific reserves, the CFO will have regard to matters relevant in respect of each reserve, and will advise the Council accordingly.

Use of reserves

The use of reserves will be determined by the Policy & Resources Committee and make recommendations to Council informed by the advice of the CFO.

Appendix L

Write Offs

Sundry Debt Write Offs

Sundry debt write-off’s totally £0.306m is requested for write off, the detail of which can be seen in Table 1 below.

Actions taken to recover debt over £5,000 are as per the Council’s Income & Debt Management Policy. If an invoice is raised and remains unpaid, the “dunning” process comes into play as follows:-

- Level 1 - a reminder is sent after 21 days
- Level 2 - a second notice is sent after 35 days i.e. a further 14 days

The Income Team have review all Level 2 cases remaining outstanding greater than 49 days (allowing a further 14 days to pay after the Final Notice) to decide whether the debt recovery should proceed.

Depending on the type of debt, customer and circumstances, the use of debt collectors or issuing proceedings in the County Court is considered. Every case is treated individually, hence the circumstances of each debt is assessed prior to taking a decision on the recovery of the debt in conjunction with the delivery unit.

Table 1 – Write-offs in excess of £5,000

Sundry Debt Write-offs over £5k					
Customer Name	**Financial Year**	**Directorate**	**Description**	**Amount**	**Comments**
Redacted	2009/2010	Adults and Communities	Appointeeship	£6,988.13	Insufficient funds in estate
Redacted	2010/2011	Adults and Communities	Residential Write Off	£9,899.35	Insufficient funds in estate
Redacted	2011/2012	Deputy Chief Executive	Car Loans	£6,549.64	Recovery action exhausted
Redacted	2012/2013	Adults and Communities	Residential Unsecured Norwel	£9,493.69	Uneconomical to pursue
Redacted	2012/2013	Adults and Communities	Residential Unsecured Norwel	£16,803.24	Insufficient funds
Redacted	2012/2013	Adults and Communities	Residential Unsecured Norwel	£6,130.82	Insufficient funds in estate
Redacted	2012/2013	Adults and Communities	Residential Unsecured Norwel	£5,454.43	Insufficient funds
Redacted	2012/2013	Adults and Communities	Residential Unsecured Norwel	£9,304.63	Insufficient funds
Redacted	2012/2013	Adults and Communities	Residential Unsecured Norwel	£7,349.54	Insufficient funds
Redacted	2012/2013	Adults and Communities	Residential Unsecured Norwel	£23,905.92	Insufficient funds
Redacted	2012/2013	Adults and Communities	Residential Unsecured Norwel	£17,961.26	Insufficent funds
Redacted	2012/2013	Adults and Communities	Residential Unsecured Norwel	£11,177.83	Insufficient funds in estate
Redacted	2012/2013	Adults and Communities	Residential Unsecured Norwel	£10,125.91	Uneconomical to pursue
Redacted	2013/2014	Adults and Communities	Residential Unsecure	£13,068.57	Uneconomical to pursue
Redacted	2013/2014	Adults and Communities	Residential Unsecured Norwel	£9,677.24	Uneconomical to pursue
Redacted	2013/2014	Adults and Communities	Residential Unsecured Norwel	£8,444.35	Uneconomical to pursue
Redacted	2013/2014	Adults and Communities	Residential Unsecured Norwel	£5,509.28	Insufficient funds in estate
Redacted	2013/2014	Adults and Communities	Residential Unsecured Norwel	£19,484.65	Insufficient funds in estate
Redacted	2013/2014	Adults and Communities	Residential Unsecured Norwel	£9,200.70	Insufficient funds
Redacted	2013/2014	Adults and Communities	Residential Unsecured Norwel	£7,082.44	Insufficient funds
Redacted	2013/2014	Adults and Communities	Residential Unsecure	£8,168.40	Insufficent funds
Redacted	2013/2014	Adults and Communities	Residential Unsecured Norwel	£15,957.36	Insufficient funds in estate
Redacted	2013/2014	Adults and Communities	Consolid Instal Plan	£8,927.98	Recovery action exhausted
Redacted	2014/2015	Environment	Court Costs	£24,328.23	Bankrupted
Redacted	2014/2015	Adults and Communities	Residential Unsecured Norwel	£12,567.12	Insufficient funds
Redacted	2014/2015	Adults and Communities	Residential Unsecured Norwel	£7,394.72	Insufficient funds in estate
Redacted	2014/2015	Adults and Communities	Residential Unsecure	£5,237.54	Insufficent funds in estate
Redacted	2014/2015	Adults and Communities	Residential Unsecure	£9,940.70	Negative Probate search
Total				**£306,133.67**	

Council Tax and Non-Domestic Rates

The debts are within Barnet's existing bad debt provision including the GLA precept for council tax, and GLA and Government shares of retained business rates. The bad debt provision for Council Tax is currently £21.7m and for Business Rates is £9.7m.

Council Tax

Irrecoverable council tax debts of £130,772.87 are requested for write off. The individual debts are all £5,000 or more and cover the financial years from 2005/2006 to 2015/2016.

All the debts are in respect of closed accounts. Most are in respect of debtors who have absconded. Table 2 provides a breakdown of the age of debts recommended for write off.

Attempts to trace absconded debtors include searches of internal systems, enquiries made with owners, agents and new occupiers of properties, and visit reports by the council's Enforcement agents. Having regards to cost effectiveness, the extent of tracing activity will correspond to the amount of individual debts, with a greater number of checks being carried out in respect of larger debts. Although a rare event, it has happened in the past and therefore should be noted, that if any of the debtors' whereabouts are discovered following write off, their debt will be re-raised and attempts made to recover it, subject to statutory limitation periods and it being economical to do so. The accounts submitted in this list have not previously been subject to write off.

Table 2 – Council Tax write-offs in excess of £5,000

Sum of Write Off Amount for Council Tax			
Financial year Debt Raised	Liability	Cost	Total Value
2005/2006	£2,430.92	£224.00	£2,654.92
2006/2007	£3,798.80	£190.00	£3,988.80
2007/2008	£3,964.60	£500.00	£4,464.60
2008/2009	£6,541.51	£985.00	£7,526.51
2009/2010	£9,520.66	£1,451.62	£10,972.28
2010/2011	£14,764.43	£1,358.00	£16,122.43
2011/2012	£20,568.30	£970.00	£21,538.30
2012/2013	£24,971.92	£1,358.00	£26,329.92
2013/2014	£23,516.69	£970.00	£24,486.69
2014/2015	£11,086.17	£776.00	£11,862.17
2015/2016	£535.25	£291.00	£826.25
Grand Total	**£121,699.25**	**£9,073.62**	**£130,772.87**

Non-Domestic Rates (NDR)

Irrecoverable National Non Domestic debts of £1,000,697.48 are requested for write off. The individual debts are all £5,000 or more and cover the financial years from 2006/07 to 2015/16.

All the debts are in respect of closed accounts. Most are in respect of debtors who have absconded. See table 3 below for the breakdown of the age of debts recommended for write off.

Attempts to trace absconded debtors include searches of internal systems, enquiries made with owners, agents and new occupiers of properties, and visit reports by the council's Enforcement agents. Having regards to cost effectiveness, the extent of tracing activity will correspond to the amount of individual debts, with a greater number of checks being carried out in respect of larger debts. Although a rare event, it has happened in the past and therefore should be noted, that if any of the debtors' whereabouts are discovered following write off, their debt will be re-raised and attempts made to recover it, subject to statutory limitation periods and it being economical to do so. The accounts submitted in this list have not previously been subject to write off.

Table 3 – Non Domestic rates write-offs in excess of £5,000

Sum of Write Off Amount for Non-Domestic rates			
Financial year Debt Raised	Liability	Cost	Total Value
2006/2007	2,043.60		2,043.60
2007/2008	4,072.00		4,072.00
2008/2009	16,330.82	504.00	16,834.82
2009/2010	38,970.75	850.00	39,820.75
2010/2011	56,787.06	1,020.00	57,807.06
2011/2012	80,908.21	1,700.00	82,608.21
2012/2013	235,340.18	4,160.00	239,500.18
2013/2014	277,116.51	4,970.00	282,086.51
2014/2015	261,980.41	4,188.40	266,168.81
2015/2016	9,075.54	680.00	9,755.54
Grand Total	**£982,625.08**	**£18,072.40**	**£1,000,697.48**

Table 4 - Non Domestic rates write-offs in excess of £5,000 analysis

Type	Liability	Costs	Grand Total
Dissolved	177,251.78	4,018.40	181,270.18
Bankruptcy	67,614.02	1,190.00	68,804.02
Absconded	321,780.87	5,267.00	327,047.87
In liquidation	65,359.64	340.00	65,699.64
Dissolved for Insolvent	338,005.09	6,747.00	344,752.09
Uncollectable	12,613.68	510.00	13,123.68
Grand Total	**£982,625.08**	**£18,072.40**	**£1,000,697.48**

Housing

General Fund & HRA debt Write-offs

The aggregate of the requested scheduled Housing write-off's where the individual debt level is in excess of £5,000 is £0.323m; with £0.261m relating to the General Fund (Table 5); £0.024m relating to the Housing Revenue Account former tenants (Table 6) and £0.038m relating to Housing Revenue Account Former Leaseholders (Table 7).

Recovery process for former tenants

Standard cases

- Week 1 - First Former Tenant warning Letter is sent
- Week 2 - Second Former Tenant warning Letter is sent
- Week 3 - The debt is either written off if it's uneconomical to recover or referred to a debt collection agency.

Deceased cases

- Week 4 - First Former Tenant warning Letter is sent
- Week 5 - Second Former Tenant warning Letter is sent
- Week 6 – Third Former Tenant warning Letter is sent
- Week 7 – The debt is moved to probate write off

Debts in excess of £5,000 most commonly relate to closed accounts with the majority being statute barred, this occurs when the council is legally unable to recover any monies owed by tenants due to the recovery time permitted by law being exceeded. Debts which are not statute barred (statue barred – greater than 6 years and no longer collectible) are treated as irrecoverable as the debtor is either unable to be traced, deceased with no estate or the debt is of a non-material amount, thus is uneconomical to recover.

Table 5 – General Fund Write-Offs in excess of £5k

General Fund Write-Offs over £5k			
Financial Year	Account Number	Amount	Comments
2006/2007	170018745	£7,180.19	Statute Barred
2006/2007	170052213	£7,864.56	Statute Barred
2007/2008	170025537	£8,881.79	Statute Barred
2007/2008	170054554	£8,766.00	Statute Barred
2007/2008	151385016	£11,535.69	Statute Barred
2007/2008	170043830	£5,407.40	Statute Barred
2007/2008	170049160	£5,878.74	Statute Barred
2007/2008	170013768	£20,793.85	Statute Barred
2007/2008	170036327	£9,838.26	Statute Barred
2008/2009	154586015	£5,473.55	Statute Barred
2008/2009	170045813	£13,380.46	Statute Barred
2008/2009	170018720	£11,655.61	Statute Barred
2008/2009	170049210	£5,474.94	Statute Barred
2008/2009	170066392	£7,794.96	Statute Barred
2008/2009	170087959	£5,302.56	Statute Barred
2008/2009	170032147	£12,738.64	Statute Barred
2008/2009	170089055	£13,637.88	Statute Barred
2009/2010	170061164	£26,903.59	Statute Barred
2009/2010	170062472	£10,294.80	Statute Barred
2009/2010	170054476	£9,496.50	Statute Barred
2009/2010	170080630	£9,194.92	Statute Barred
2009/2010	170079470	£17,957.88	Statute Barred
2009/2010	170068861	£5,480.98	Statute Barred
2009/2010	170059899	£6,640.60	Statute Barred
2009/2010	170068623	£13,057.32	Statute Barred
Total		**£260,631.67**	

Table 6 – HRA Write-Offs in excess of £5k

Housing Revenue Account Write-offs over £5k			
Financial year	Account Number	Amount	Comments
2013/14	117699010	£5,896.97	Unable to trace
2015/16	170133828	£5,448.72	Statute barred
2015/16	123611021	£7,159.85	Statute barred
2015/16	170130250	£5,487.98	Statute barred
Total		£23,993.52	

Table 7 – HRA Former Leaseholder Write-Offs in excess of £5k

The provision made will cover the amount of debt proposed to be written off within the Housing Revenue Account (HRA), the current bad debt provision balance is £0.615m

HRA Leaseholder Write-offs over £5k			
Financial year	Account Number	Amount	Comments
1997/98	32468	£15,650.29	Statute barred
1997/98	468565	£8,404.81	Statute barred
1997/98	349325	£8,366.78	Statute barred
1997/98	478792	£5,383.67	Statute barred
Total		£37,805.55	

This page is intentionally left blank

Appendix M

Corporate Risk Register

The following risk register represents those risks in place at the time of reporting at Quarter 3, the mitigation strategies in place for each risk and the proposed treatment of each risk.

PROBABILITY	SCORE		IMPACT 1 Negligible	2 Minor	3 Moderate	4 Major	5 Catastrophic
	5	Almost Certain	0	0	0	0	0
	4	Likely	0	0	0	1	0
	3	Possible	0	0	1	5	0
	2	Unlikely	0	0	0	1	0
	1	Rare	0	0	0	0	0

Risk	Current Assessment Impact	Probability	Rating	Control Actions	Target Assessment Impact	Probability	Rating
Homelessness - ORG0039 There is a risk that homelessness and the subsequent cost of providing emergency short term accommodation will continue to rise. **Cause:** The Council has an obligation to house people that are homeless and support families who are unintentionally homeless. Despite improvements in the economy, homelessness has continued at high levels within the borough due to a shortage of homes, and increasing housing costs, particularly in the private rented sector. Welfare reform means that poorer households receive less financial support with their	Major 4	Likely 4	High 16	**Preventative:** The Housing Strategy identifies 3 key areas where Barnet Homes and the Council are focusing their efforts to reduce homelessness: • increasing prevention activities, including joint working with job centre plus. • increasing the supply of homes for households facing homelessness • Making best use of existing resources through the Allocations Scheme and Tenancy Strategy **Detective:** A number of mitigating actions have already been taken,	Moderate 3	Unlikely 2	Medium Low 6

Risk	Current Assessment Impact	Probability	Rating	Control Actions	Target Assessment Impact	Probability	Rating
housing costs and landlords are increasingly seeking tenants who do not rely on housing benefit to pay their rent. The housing benefit subsidy levels for temporary accommodation have not increased since 2011 whilst costs have risen significantly. Further welfare reform and a freeze of LHA rates means more households will be at risk of homelessness, whilst potential reductions in social rents and Right to Buy proposals are likely to curtail the potential supply of affordable homes. **Consequence:** Substantial increase in homelessness including intentional homelessness where children are involved and the subsequent provision of affordable housing at a significant and increasing cost to the Council.				including a more commercial approach to working with private landlords, innovative TA solutions and redesigned services. The Welfare reform task force has helped households affected by welfare reform to avoid losing their home by accessing employment. LBB has agreed to fund a range of mitigations which Barnet Homes will delivered to reduce the Temporary Accommodation / Homeless demand focusing on maximising prevention, managing demand, and Increasing affordable supply.			
<u>Financial Position - ORG0025</u> Given the overall economic position, it is clear that cuts to government funding will continue until the end of the decade. Alongside this the Council now bears additional risks as a result of business rate reforms, whereby a contraction in economic activity in Barnet will see a reduction in Council funding. The recent announcement by the Chancellor on business rate localisation will fundamentally change the way local government is financed. This is both an opportunity for the Council to grow income but also a risk around economic fluctuations. The economic position also impacts on the costs of Council services, for example in terms of pressure on temporary accommodation and increases in benefit caseloads. Demographic changes mean that the Council	Major 4	Possible 3	Medium High 12	**Preventative**: The Council's financial planning cycle mitigates the risks associated with reductions in funding and increases in demand for services. Planning ahead enables the Council to mitigate the impact of increases in demand and ensure that the Councils overall financial position on reserves and contingency is sufficient. The Council has a total budget gap of £81m from 2016 through to 2020. Proposals to meet this budget gap will be going through theme committees in November, and the draft budget for consultation will be approved by Policy and Resources Committee in December. The final budget will be agreed by Council in March. **Detective:** Budget monitoring (revenue	Moderate 3	Possible 3	Medium High 9

Risk	Current Assessment Impact	Probability	Rating	Control Actions	Target Assessment Impact	Probability	Rating
faces a growing population, an ageing population and increasing numbers of young people, which adds further to the pressure and demand on services. **Cause**: Further government cuts, uncertainty over the local economic position for business rates and demographic changes. **Consequence:** Additional pressure and by implication cost in the delivery of services, reduction in income, coupled together providing a challenge for the Council's economic position.				and capital) and financial management standards being adhered to. Recovery plans and alternative options reviewed in areas with overspends. Review capital programme profiling. Value for money indicators in use across the business. Monitoring delivery of Medium Term Financial Strategy.			
Demographic and Population - ORG0035 There is a risk that the organisation will not be prepared or able to respond to the impacts of demographic changes (e.g. gender, age, ethnicity, disability, education, employment) and/or population growth rate (birth, death, immigration, emigration) with insufficient social infrastructure (schools, older people homes), physical and green spaces, services and affordable housing to meet demand. **Cause**: Uncertainty of demographic changes and population growth, insufficient planning, monitoring and management of demand internally and externally where reliant on partner organisations. **Consequence**: Increased demand for public services generally, changing demand for types of services, costs spiral, reactive decision making, cuts to front line services or service failure.	Major 4	Possible 3	Medium High 12	**Preventative:** Test demographic change and population growth hypothesis against insight on customer profile, deeper interrogation of specific data sets (in/out migration) and identify potential gaps in data sets (availability of data, deficiency of existing data). New insight model which models impacts of growth in a number of key council services. The priorities and spending review (PSR) is key response to ensuring the organisation is sufficiently prepared for and able to respond to the impacts of population and demographic changes. Uncertainly is being reduced as service pressures and budget requirements are being analysed and underlying assumptions monitored and refined to ensure they remain valid as the organisation prepares to respond to this challenge. 5 year budget proposals includes demographic change funding across key council service areas. Funding subject to annual review as part of	Major 4	Unlikely 2	Medium High 8

Risk	Current Assessment Impact Probability Rating			Control Actions	Target Assessment Impact Probability Rating		
				finance and business planning. Understand approach and dependencies with resident engagement, equalities and health and wellbeing impact assessments. Growth Strategy, Housing Strategy, Regeneration Strategy and respective governance structures. **Detective:** The Commissioning Group supports the setting of strategic outcomes and development of commissioning strategies with a particular focus on cross cutting themes and risks. The Commissioning Board will review underpinning risk analysis at regular intervals to consider data, revisit assumptions, outcomes and controls. Partnership SCB has been introduced to enhance partnerships working in order to meet the financial challenges facing the public sector and collaborate on the development of future plans to both deliver transformation and improve outcomes			
<u>People - ORG0036</u> There is a risk that the organisation's people (competence, skills, knowledge) and culture are not aligned with its medium and long term strategic direction and will not be able to deliver the improvements in service delivery and on-going change and innovation required to achieve its long term goals. **Cause**: The context in which the organisation operates is rapidly changing and demands continual service improvements. This requires the right organisational and developmental interventions to ensure the competence,	Major 4	Possible 3	Medium High 12	**Preventative:** To understand the current and required corporate capabilities and develop corporate and delivery unit plans to respond to gaps, recognising the need to create an internal environment that facilitates the generation of new ideas and entrepreneurship. To support change through leadership and people engagement (including through partners), to provide results for the organisation, its people and customers.	Moderate 3	Possible 3	Medium High 9

Risk	Current Assessment Impact	Probability	Rating	Control Actions	Target Assessment Impact	Probability	Rating
knowledge and skills necessary to deliver the strategic objectives. Failure to ensure the right learning, knowledge sharing, career development, training and commitment to generating new ideas will cause the risk to escalate and negatively impact service delivery. **Consequence**: The consequence of failure in this respect and the escalation of risk will be a skills/knowledge/competence gap in the organisation that will result in poorer service performance in the medium term and/or longer term strategic failure.				**Detective:** Through the risk management framework and robust and continuous risk analysis and monitoring of delivery unit risk profiles and action plans it will be possible to identify and ensure the right interventions and to identify 'early warning systems' where failure in this respect is impacting negatively on service delivery and strategic change..			
<u>Commissioning Approach - ORG0041</u> If there is not a clearly defined approach to commissioning in place that ensures consistent application of Commissioning Cycle activities then objectives becomes difficult to monitor or achieve.	Major 4	Possible 3	Medium High 12	The Council's Commissioning Plans and priorities to 2020 are in place and agreed via Committees in 2014/15. This supports delivery of the Council's draft Corporate Plan and Medium Term Financial Strategy, supported by meaningful qualitative performance indicators that are linked to outcomes.	Major 4	Unlikely 2	Medium High 8
<u>Resident Engagement - ORG0029</u> Failure to engage properly with Residents. **Cause:** The lack of an engagement policy, comprehensive plan and coordinated approach to consulting with residents **Consequence:** Legal Challenge, lack of public buy in, do not deliver the services resident want, Consultations not contributing to service design, lack of transparency on outcomes, customer satisfaction declines	Moderate 3	Possible 3	Medium High 9	**Preventative:** Finance and Business Planning – feeding consultations into service design. Ensuring equalities is embedded within the Commissioning Group. Consultation strategy in place and transparency commitment confirmed. 3rd sector strategy/ community resilience Social media – alternative methods of engaging with residents to be explored through future updates to the website **Detective:** Common understanding of the citizen engagement within the Council through review of complaints data analysis and prior consultations.	Moderate 3	Unlikely 2	Medium Low 6

Risk	Current Assessment Impact	Probability	Rating	Control Actions	Target Assessment Impact	Probability	Rating
				Performance indicators for customer satisfaction and customer care.			
Prosperous Borough - ORG0038 Barnet's position as a prosperous suburb is under threat from wider threats to London as a world city and infrastructure improvements connecting more and new places to London. **Cause:** Existing infrastructure near capacity, other places benefiting from new infrastructure digital technology making physical proximity less important wider threats to London as a world city **Consequence**: Barnet becomes less desirable as a place to live and work.	Major 4	Unlikely 2	Medium High 8	Infrastructure delivery plan and Mayoral infrastructure 2050. Entrepreneurial Barnet - economic strategy for making Barnet the best place to be a small business Regular monitoring of resident and business satisfaction surveys West London Alliance: Implementation of the West London Alliance jobs, skills and growth programme.	Major 4	Unlikely 2	Medium High 8
Increasing costs of Adult Social Care - ORG0042 There is a risk that the pressure on Adults budgets caused by increasing demographics and complexity will not be contained within existing budgets. **Cause:** The council has an obligation to provide social care for individuals assessed with demonstrating a need. Increasing demographic pressures and the complexity of the mental health and learning difficulty clients, along with supply side pressures is increasing the cost of Adult social care. In addition to this referrals from hospitals have increased by an average of 22% over the last				**Preventative:** Developing plans around increasing prevention activities. Ensuring effective information and advice is offered and promoting more independent living. **Detective:** Robust budget monitoring and financial standards being adhered to. Recovery plan in place to ensure current overspends are being addressed. Engagement with CCG to ensure referrals from hospitals are monitored and funded.			

Risk	Current Assessment Impact	Probability	Rating	Control Actions	Target Assessment Impact	Probability	Rating
2 years with a reduction in funding received from health for Winter Pressures. **Consequence:** A significant overspend in Adults would reduce the council's general fund reserve.							

This page is intentionally left blank

	Council **1 March 2016**
Title	**Loan to Barnet Homes' Registered Provider (Opendoor Homes) for the development of new affordable homes**
Report of	Head of Governance
Wards	All
Status	Public
Enclosures	Annex 1 – Report to Policy and Resources Committee, 16 February 2016 Appendix A – Report from 31ten, independent housing finance advisers
Officer Contact Details	Andrew Charlwood, Head of Governance (Acting) andrew.charlwood@barnet.gov.uk 020 8359 2014

Summary

This report encloses the report that was considered by Policy and Resources Committee and sets out the recommendations the Committee made to Full Council.

Recommendations

1. **That Council approve the of a loan of £57.5m to Opendoor Homes, subject to approval of the establishment of Opendoor Homes as a Registered Provider by the Homes and Communities Agency on such terms as the Section 151 Officer considers, on advice, to be appropriate and in the best interests of the Council.**

2. **That authority is delegated to the Council's Section 151 Officer to increase the loan amount as specified in recommendation 1 up to £65m during the draw down period, if needed to provide contingency for unanticipated increases in**

costs over the life of the development programme.

3. **That authority is delegated to the Council's Section 151 Officer; in consultation with HB Public Law and other professional advisors as appropriate, to agree the legal documentation to support the loan, including the Loan Agreement and Development Agreement.**

4. **That authority is delegated to the Council's Section 151 Officer, in consultation with HB Public Law, to authorise entering into the Agreements on behalf of the Council and to do such acts as are reasonably required to give effect to the Agreements**

1. WHY THIS REPORT IS NEEDED

1.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

2. REASONS FOR RECOMMENDATIONS

2.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

4. POST DECISION IMPLEMENTATION

4.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

5.3 Social Value

5.3.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

5.4 **Legal and Constitutional References**

5.4.1 Constitution, Responsibility for Functions – sets out the functions of Full Council including –

- approval of the strategic financing of the Council, upon recommendations of the Policy and Resources Committee
- all policy matters and new proposals relating to significant partnerships with external agencies and local authority companies.

5.5 **Risk Management**

5.5.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

5.6 **Equalities and Diversity**

5.6.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

5.7 **Consultation and Engagement**

5.7.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

5.8 **Insight**

5.8.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

6. BACKGROUND PAPERS

6.1.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

This page is intentionally left blank

	Policy and Resources Committee **16 February 2016**
Title	**Loan to Barnet Homes' Registered Provider (Opendoor Homes) for the development of new affordable homes**
Report of	Commissioning Director, Growth & Development
Wards	All
Status	Public
Urgent	No
Key	Yes
Enclosures	Appendix A - Report from 31ten, independent housing finance advisers
Officer Contact Details	Paul Shipway, Strategic Housing Lead, paul.shipway@barnet.gov.uk, 0208 359 4924

Summary

As part of the approach of building new homes on council land set out in the Council's Housing Strategy and Development Pipeline Programme, Barnet Homes are in the process of establishing a Registered Provider (Opendoor Homes) to build and own new affordable homes on land held in the Housing Revenue Account (HRA). This report sets out the business case for the Council lending Opendoor Homes specific funds which it will allocate in its business plan to build 320 homes. A decision from the Committee to recommend this approach to Council is sought.

Recommendations

That the Committee recommends to Council

1. **The approval of a loan of £57.5m to Opendoor Homes by the Council, subject to approval of the establishment of Opendoor Homes as a Registered Provider by the Homes and Communities Agency on such terms as the Section 151 Officer considers, on advice, to be appropriate and in the best interests of the Council.**

2.	**That authority is delegated to the Council's Section 151 Officer to increase the loan amount as specified in recommendation 1 up to £65m during the draw down period, if needed to provide contingency for unanticipated increases in costs over the life of the development programme.**
3.	**That authority is delegated to the Council's Section 151 Officer; in consultation with HB Public Law and other professional advisors as appropriate, to agree the legal documentation to support the loan, including the Loan Agreement and Development Agreement.**
4.	**That authority is delegated to the Council's Section 151 Officer, in consultation with HB Public Law, to authorise entering into the Agreements on behalf of the Council and to do such acts as are reasonably required to give effect to the Agreements.**

1. WHY THIS REPORT IS NEEDED

1.1 The Assets, Regeneration and Growth Committee (ARG) approved at its meeting on 9 July 2014, the approach to, and the principles underpinning, the creation of a Development Pipeline on council owned land. In addition, ARG agreed that an initial list of potential development opportunities to bring forward sites, which were declared surplus to requirements, would be prepared.

1.2 The Council's Housing Strategy 2015-2025 sets out how the Development Pipeline will include the building of new homes on existing council land held in the Housing Revenue Account (HRA) to be delivered by the Council's Arm's Length Management Organisation (ALMO), Barnet Homes.

1.3 A high level review of existing housing land owned by the Council suggests that there is potential capacity to build up to 700 new homes on HRA sites across the Borough.

1.4 Barnet Homes has already built six new council homes and is in the process of building 37 more homes on behalf of the Council, which will be completed in phases between March 2016 and June 2016.

1.5 In addition, as part of the review of the Council's Management Agreement with Barnet Homes that was undertaken in 2015, a target has been agreed for the Barnet Group to build 500 new homes.

1.6 The Policy and Resources Committee approved at its meeting on 14 October 2015, the creation of a new subsidiary of Barnet Homes to operate as a Registered Provider, which would be able to build and own new homes supported with a loan from the Council. The Council will protect its position by taking a legal charge over the property of the subsidiary to support the loan, to include the land transferred to the subsidiary under paragraph 1.2 above.

The Registered Provider, to be known as Opendoor Homes, would provide financial benefits in the form of a £2000 per annum payment to the Council for each new home completed and an interest margin on sums outstanding on the loan. Thus the Council can satisfy its obligations to invest prudently.

1.7 Barnet Homes is now in the process of seeking Registered Provider status from the Homes and Communities Agency (HCA) for Opendoor Homes and expect to secure this in May 2016.

1.8 The Assets, Regeneration and Growth Committee (ARG) approved at its meeting on 30 November 2015 that Barnet Homes should proceed with initial feasibility works for 120 new homes, and noted the expectation that this would increase to 320 subject to them successfully establishing a Registered Provider subsidiary.

1.9 It is proposed that if Opendoor Homes are successful in their application to the Homes and Communities Agency (HCA) to create a new Registered Provider subsidiary, they will initially develop and own 320 new homes on HRA sites which will be transferred at nil value, supported by a loan of £57.5m provided by the Council.

1.10 Opendoor Homes will pay the Council an interest margin of in the region of 1.24%[1] above the rate at which the Council can borrow from the Public Works Loans Board (PWLB) on the outstanding loan as well as an annual payment of £2000 for each new home delivered.

1.11 The Council commissioned independent financial advisors 31ten Consulting Limited[2] (31ten) to carry out a review of the proposal to fund Opendoor Homes via debt finance provided by the Council, including an assessment of an appropriate loan rate and the impact of this on the viability of the development, along with proposals on how to account for and mitigate the risk of the loan within the Council's accounts.

1.12 The full report from 31ten is appended, but in summary it concludes that the proposals to build 320 homes will be viable if the Council provides a loan of £57.5m at an interest rate of 4.56%, representing a margin of around 1.24% above the rate at which the Council can borrow from the Public Works Loans Board.

1.13 Proposals for the remaining 180 homes included in the Management Agreement target of 500 new homes referred to in 1.5 above will be brought forward in due course and may require additional funding from the Council in the form of a further separate loan.

1.14 Barnet Group and its' subsidiaries are separately advised by professionals as is usual and appropriate in these circumstances. The loan, security for it, land transfers and related steps are subject to their separate advice and implementation. The authority sought in this report is solely for the Council.

---

1 Actual margin will depend on the rate available at the point the Council borrows from the Public Works Loans Board

2 31 ten Consulting in partnership with Arlingclose. Arlingclose is a Treasury Management advisor who are authorised and regulated by the Financial Conduct Authority (FCA). Its role for this engagement has been to provide FCA guidance and sign off of the Interest Rate to be used in light of the review undertaken. the Confidential - not for disclosure to third parties

2. REASONS FOR RECOMMENDATIONS

2.1 The Council's Housing Strategy 2015-2025 identifies the need to increase housing supply and to deliver homes that people can afford. The proposals contained in this report will facilitate the delivery of new homes for affordable rent in the borough.

2.2 The new 10 year Management Agreement with Barnet Homes includes a target of developing 500 homes for affordable rent to be built and owned by the new RP subsidiary, Opendoor Homes and managed through Barnet Homes. For every new home for affordable rent developed via this route, the Council will receive £2,000 per annum to support the General Fund costs of providing the Housing Options service.

2.3 The Council will also benefit financially from a margin in the region of 1.24% on the proposed loan, which exceeds the return on investment it currently achieves.

2.4 The delivery of new affordable rented homes will help to meet the objective in the Council's Housing Strategy to prevent and tackle homelessness, by reducing the use of temporary accommodation.

2.5 A reduction in the use of temporary accommodation will also provide an annual net saving to the Council of approximately £2,000 per unit.

2.6 All the new homes provided will meet the lifetime homes standard. At least 10% will be fully wheelchair adapted, meeting the objective in the Council's Housing Strategy of providing housing to support vulnerable people.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 The building of new homes on HRA land could remain in Council ownership and still be managed by Barnet Homes, with funding provided through a combination of HRA monies and Right-to-Buy receipts. However, as set out in the Council's HRA Business Plan, the HRA could only fund 120 new homes. In addition, the Council would not benefit from income received from Opendoor Homes as set out in 2.3 and 2.5 above.

3.2 The Council could decide not to build new homes on HRA Land, this would not meet the objectives set out in the Council's Housing Strategy and is not recommended.

3.3 The Council could make a contribution towards the cost of the new homes to cover costs incurred by Opendoor Homes prior to transfer of the land to the RP. However, as the loan arrangements will fully fund the proposals this is not recommended.

4. POST DECISION IMPLEMENTATION

4.1 Barnet Homes will seek to finalise approval for the establishment of Opendoor Homes with HCA in May 2016, following which the loan will be made available to the new RP by the Council.

4.2 A Loan Agreement, Charge and Development Agreement will be put in place between the Council and Open Door Homes.

4.3 Barnet Homes/Opendoor Homes will bring forward a list of proposed sites for approval in principle by the Assets, Regeneration and Growth Committee (ARG) which, subject to approval, will be transferred at nil value and may be charged by way of security for the loan.

4.4 Barnet Homes/Opendoor Homes will proceed with bringing forward a list of proposed sites for planning permission following consultation with stakeholders, including local ward members and residents.

4.5 Reports will be brought forward to ARG seeking approval to transfer HRA land to Opendoor Homes.

4.6 The loan will not be immediately payable but made available to Open Door Homes on a drawdown basis, over the period of the build programme, based on requirements and evidence of satisfactory progress. This mitigates and minimises the financial risk to the Council.

5. IMPLICATIONS OF DECISION

5.1 **Corporate Priorities and Performance**

5.1.1 The Council's Corporate Plan (2015-2020) sets out how residents will see a responsible approach to regeneration, with new homes built and job opportunities created. This includes identifying a pipeline of sites to build new homes that residents need and that will increase local revenue streams.

5.1.2 Barnet's Health and Wellbeing Strategy recognises the importance of access to good quality housing in maintaining Well-Being in the Community.

5.1.3 Lack of affordable housing is highlighted in Barnet's Joint Strategic Needs Assessment (JSNA) as one of the top three concerns identified by local residents in the Residents' Perception Survey.

5.1.4 Delivery of the new homes, including quality, value for money and timeliness, will be monitored though the Development Pipeline Partnership Board which is chaired by the Commissioning Director, Growth and Development.

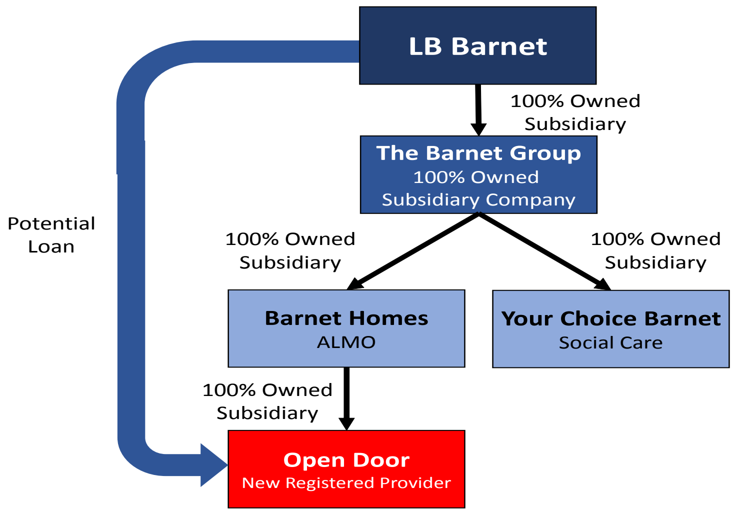
5.1.5 The loan will be drawn down in stages and Opendoor Homes will be required to demonstrate to the Council that they are delivering the key outcomes set out in the Development Agreement before the next tranche is released.

5.1.6 Progress in delivering the new homes will be reported to the Assets, Regeneration and Growth Committee as part of the Regeneration as part of a wider report on Regeneration and the Development Pipeline.

5.2 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 An exercise has been completed by the Council with co-operation from Barnet Homes to review the extent of the loan required and the potential interest rate that should be used. This included a sensitivity and scenario analysis to establish the potential risks to any loan from the Council to Opendoor Homes. This section details the findings of this review and the loan arrangement required to fund and deliver the homes.

5.2.2 One of the key variables that would impact the loan amount and the potential viability of the development is the interest rate at which the Council would lend to Opendoor Homes. The diagram below illustrates the loan arrangement. It shows that the Council would be loaning directly to the Registered Provider, not to Barnet Homes, its parent company.



Review of the interest Rate Used

5.2.3 The Council's advisors 31ten have undertaken a review of the terms of the proposed loan to Opendoor Homes. They have calculated that it would need to be in the region of £57m to £65m over a lending period of 35 to 40 years.

5.2.4 The interest rate assessment has been undertaken by reviewing three separate factors, as follows:

- An assessment of Barnet Council's cost of funding, plus a suitable margin to take account of the credit risks associated with the arrangement

- Minimum requirements under State Aid Rules (this has been used as a useful guide to indicate a market rate, although as the loan is solely for affordable housing State Aid rules do not apply); and
- An assessment of the rate that Opendoor Homes could achieve elsewhere in the market.

5.2.5 This review concluded that the loan rate could be set between at 4.56% and 5.8%, with the former being an appropriate marginal mark up on the Council's cost of funds, and the latter being the appropriate market rate.

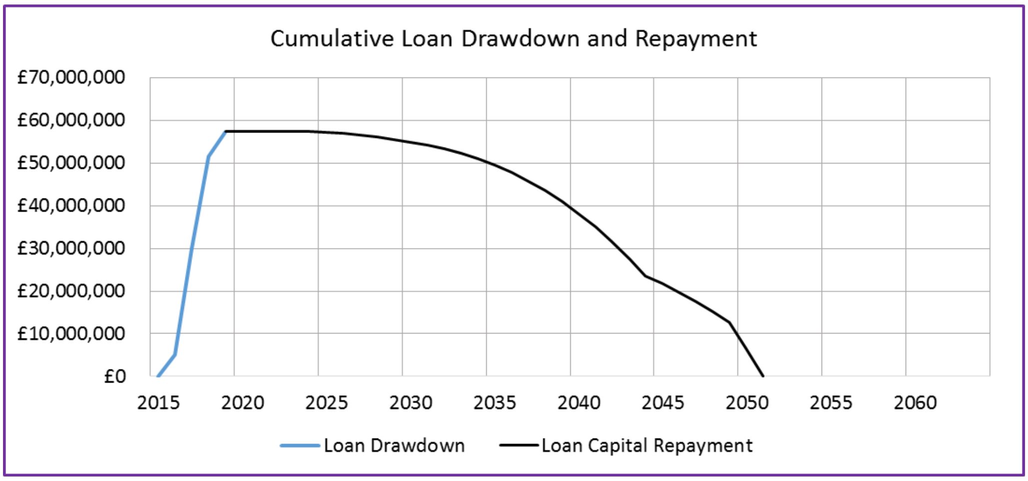
5.2.6 An appropriate rate that takes account of State Aid Rules would be 5.02%, but this can be disregarded as the loan is solely for affordable housing.

Proposed loan arrangement

5.2.7 A proposed 4.56% loan rate produces the following results:

	£'000
Development Cost	52,512
Company Operational Cost	1,551
Capitalised Interest and Arrangement Fee	4,848
Net Rental Income	-2,854
Required Working Capital Reserve at end of Development	1,398
Total Loan Facility	57,454
Blended Interest Rate	4.56%
Interest Only Period (Years)	4
Payoff Period (Years)	32

5.2.8 This demonstrates that a total loan of £57.5m is required by Opendoor Homes. This would be made available on a draw down basis over the development period covering the period 2016/17 to 2018/19. Following the development period, the loan would then be paid back over 32 years, with interest only being paid over the first four years and any excess cash being used, over a £1m float, to pay down principal over the life of the loan. Any interest that accrued during the development period would be capitalised along with an arrangement fee. This is exemplified in the graph below:



5.2.9 A loan rate of 4.56% is considered prudent for the following reasons

- As Barnet Homes / TBG are wholly owned by the Council the risk of the loan is reduced since it has certain controls and reporting mechanisms
- It ensures that the loan can be repaid within 36 years – a period that an external lending organisation would find acceptable (and taking account a potential 5% increase in build costs as modelled in the sensitivity analysis)
- It meets Council's aspirations to achieve a margin of around 1.25% on the loan, which is in line with other local authorities who have provided similar loan arrangements, i.e. it shows a prudent use of Council funds reflected in such return on investment
- The rate needs to be sufficiently attractive to encourage and give confidence to the Board of Opendoor Homes to develop more homes for affordable rent

Sensitivity and Scenario Analysis

5.2.10 Significant sensitivity and scenario analysis was undertaken to examine the impact of varying key assumptions made in the appraisal for the development to be undertaken and for the necessary loan agreement. Assumptions tested included:

- Variance in build costs
- Variance in development phasing and timescale; and
- Variance in interest rates.

5.2.11 This analysis was then taken into account in developing the proposed loan arrangements.

5.2.12 Due to the fluid nature of housing development is recommended that some flexibility is built in to the loan arrangement, as a contingency, to allow for variations in these assumptions. It is therefore proposed that an initial loan of £57.5m is made to Opendoor Homes with the option to extend this to £65m if it can be demonstrated that additional funding is required due to unanticipated costs, such as an increase in construction costs.

5.2.13 In the event that Opendoor Homes needs to borrow the full £65m, this would have the effect of extending the repayment period to 36 years (once the loan has been fully drawn down), as well as requiring a longer interest free period of seven years, as set out below

	£'000
Development Cost	58,026
Company Operational Cost	1,551
Capitalised Interest and Arrangement Fee	4,937
Net Rental Income	-2,854
Required Working Capital Reserve at end of Development	3,340

Total Loan Facility	65,000
Blended Interest Rate	4.56%
Interest Only Period (Years)	7
Payoff Period (Years)	36

Impact on the Council

5.2.14 The key impacts to the Council's revenue account of these arrangements are as follows:

- The margin on the loan is made above the Council's cost of funds
- £2,000 per unit per annum payment from the RP as agreed in the Management Agreement
- Arrangement fee at 1% of loan
- A mismatch in interest incurred vs received in the development period

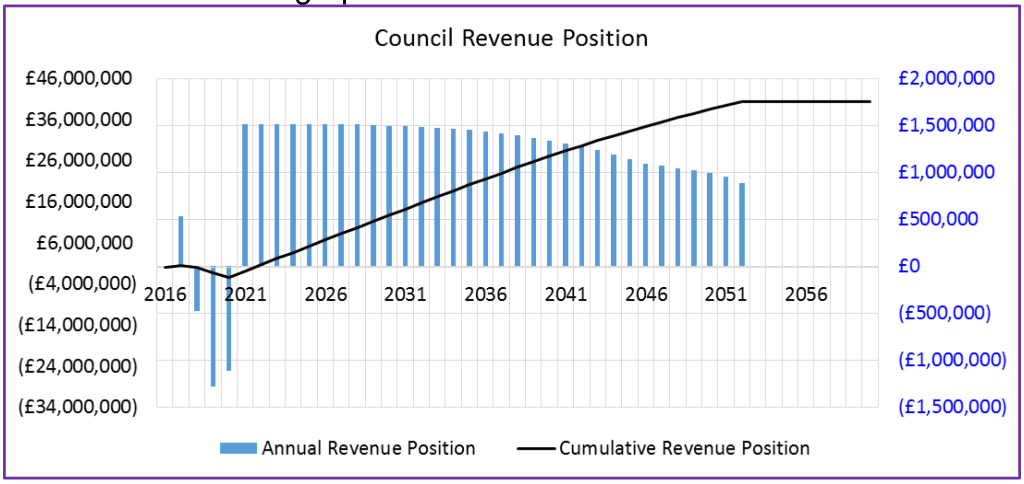
5.2.15 The table below shows the potential net income receivable over the life of the loan assuming the following loan arrangements:

- Council cost of funds - interest at 3.32%;
- Loan to Opendoor interest at 4.56%;
- Interest only payments for the first 4 years;
- Loan repaid over 32 years.

5.2.16 The table shows the total net income receivable for each element and the Net Present Value (NPV) of these income streams.

Council Revenue (£'000)		
Type	NPV (6.09%)	Gross Amount
Interest Margin	6,300	19,230
LBB 2K payments per property completed	7,040	20,480
Arrangement Fee	570	

5.2.17 This demonstrates a total net income to the Council over the life of the project of £40.2m which has an NPV of £13.9m. The most significant impacts however are in the timing of these effects on the revenue account. This is demonstrated in the graph below.



5.2.18 The graph shows that the Council achieve significant rewards over the life of the project However, assuming the Council borrowed at 3.32% to fund the loan it would incur unmatched costs to the revenue account in years 2-4 of between £0.4m and £1.2m that it would need to fund.

Summary

5.2.19 Subject to approval being granted by the HCA for the creation of Barnet Homes RP subsidiary, Opendoor Homes, providing a loan of £57.5 million at rate of 4.56% is recommended, to be drawn down during the period that the new homes are being built (i.e. 2016/17 to 2018/19).

5.2.20 The loan to be repaid over 32 years from the point that the loan is fully drawn down, with interest charges during the development period capitalised along with the arrangement fee into the loan amount.

5.2.21 It is recommended that the Council allow Opendoor Homes contingency to increase the amount borrowed up to £65 million to allow for variations in build costs or phasing.

5.2.22 The impact on the Council of making such a loan is significant. It realises substantial returns on the arrangement over the life of the loan, however, there are potential costs to the revenue account in the early years that need to be mitigated through its treasury management arrangements.

5.2.23 Subject to Committee approval robust legal documentation will be developed, including a loan agreement that clearly delineates the new RP from its parent body and the Council, to ensure clarity over where the liability is held for the borrowing, the level of parent company support and the appropriate covenants, step in rights and default provisions.

5.2.24 The proposed loan is classified as being a policy investment, rather than a treasury management investment, and is therefore outside of the specified / non specified categories set out in the 2016-17 treasury management strategy but is reflected in the Council's borrowing strategy (which is set out in a separate report to this Committee).

5.3 Social Value

5.3.1 Opendoor Homes will seek to provide employment opportunities for local people and opportunities for small and medium enterprises through the procurement of the construction contract for the delivery of affordable housing.

5.3.2 This will be achieved by incorporating an assessment of the social value contractors can deliver, and will form part of the selection criteria in the procurement process.

5.4 Legal and Constitutional References

5.4.1 Council Constitution, Responsibility for Functions, Annex A sets out the terms of reference of the Policy and Resources Committee including:

- To be the principal means by which advice on strategic policy and plans is given and co-ordinated and to recommend to Full Council, as necessary, on strategic issues. This is to include:
    - Ensuring effective Use of Resources and Value for Money

- To be responsible for the overall strategic direction of the Council including the following specific functions/activities:
    - Strategic Partnerships
- To be responsible for those matters not specifically allocated to any other committee affecting the affairs of the Council.

5.4.2 Section 12 of the Local Government Act 2003 grants local authorities the power to invest for "any purpose relevant to its functions under any enactment or for the purposes of the prudent management of its financial affairs".

5.4.3 The Council can also satisfy section 2 of the Local Government Act 2000 by demonstrating that the lending to the new RP is for the promotion or improvement of the economic social or environmental well-being of the borough and not just an exercise in financial engineering.

5.4.4 The Council will need to consider the application of the 2010 and 2014 General Consents issued under section 25 of the Local Government Act 1988 when disposing of land at nil value. If they do not apply to any disposal specific consent is required from the Secretary of State.

5.5 **Risk Management**

5.5.1 The table below sets out the key risks associated with the loan and their mitigation.

Risk	**Mitigation**
Approval is not granted by Homes and Community Agency to establish Opendoor Homes	This is a relatively low risk. However, Barnet Homes would potentially have the opportunity to resubmit depending on feedback which would delay but not necessarily prevent this proposal proceeding. The Council would also have the option of delivering 120 new homes using HRA funds and RTB receipts, as et out in the HRA Business Plan
Building costs are higher than budgeted for and / or the build works are delayed	The work undertaken by 31ten included sensitivity testing which looked at the impact of varying the build costs by up to 10% and delays of up to 6 months affecting the development; this showed that these risks could be mitigated by the level of contingency proposed in this

Risk	Mitigation
	report (i.e. the facility to increase the loan to £65 million). The construction contract/s will be competitively procured on a best value basis
The quality of the completed homes is compromised by higher build costs	Opendoor homes will be required to comply fully with the Council's planning policy, including space standards and design, and will be responsible for maintaining the new homes once they are built.
Opendoor's ability to repay the loan.	A robust business plan has been developed for Opendoor Homes illustrating that the loan is repayable, which has been independently stress tested. This is supported by a fixed rate of interest for the duration of the loan. However, the risk listed below should be taken into account in this context
The introduction, by legislation, of a 1% annual reduction on affordable rents for the next four years and lack of clarity as to whether further restrictions on rent increases will be applied beyond this time period.	Whilst this means that there is a risk that the rental income assumed in the Business Plan for Opendoor Homes will not be fully realised, with an impact on its ability to service the loan provided by the Council, this risk cannot be fully mitigated. However, if Opendoor homes did fail, the Council is the ultimate parent company and could take ownership of whatever assets exist. It could then incorporate them into its own stock and continue with the development itself, or sell the assets to another developer.
Opendoor Homes does not currently own any assets against which the proposed loan can be secured and as new organisation without a track record of developing new homes fails to deliver the expected benefits	This risk mitigated partly by the experience and capacity that Barnet Homes, the parent company, has already developed in building new homes on behalf of the Council. Opendoor homes will also have its own dedicated Board with Board members specifically recruited for the skills and experience they can contribute in housing development

5.5.2 It should also be noted that the financial modelling is undertaken on the assumption that the Council will take a new loan from PWLB at 3.32%.

However, the Council is likely to maximise the use of its cash balances and use internal resources. It is, therefore, possible that when the Council actually takes the loan out that the interest rate may have increased. In these circumstances the Council would re-enter discussions with Opendoor to ensure this is reflected in the interest rate they pay as well. This will be proactively managed through the Treasury Management Strategy.

5.6 **Equalities and Diversity**

5.6.1 The Council has taken account of its Equalities Policy and paid due regard to equalities as required by the legislation. The proposals in this report anticipate a positive impact for residents and do not raise any negative equalities issues because the new affordable housing units delivered by Opendoor Homes will:

- Underline the council's aim that all residents from our diverse communities – the young, old, disabled people and those on low incomes – benefit from the opportunities of growth.

- Contribute to Barnet's commitment to fairness - to be mindful of the concept of fairness and in particular, of disadvantaged communities - which was adopted at Policy and Resources Committee in June 2014.

- Be let in accordance with the Council's Allocations scheme, which has been subject to a full equalities impact assessment which included extensive consultation with residents, housing applicants and other stakeholders, including local Housing Associations and third sector organisations.

5.7 **Consultation and Engagement**

5.7.1 Extensive consultation was undertaken in relation to the Housing Strategy, including a 12 week public consultation between 6 January 2015 and 31 March 2015. The consultation included an online survey as well as presentations to the Housing Forum, Barnet Homes Performance and Advisory Group, and Barnet Landlords Forum.

5.7.2 Barnet homes customers were asked "What are your priorities for new affordable housing in Barnet?" as part of a consultation on the new ten year Management Agreement recently agreed with the ALMO. Survey respondents were positive about Barnet Homes proposed role in building new affordable housing. The need for more affordable housing in Barnet was acknowledged as a key priority that would help to address concerns raised about homelessness in the Borough.

5.7.3 Ward councillors, residents and communities local to each site will be consulted by Barnet Homes prior to the planning applications being submitted. Public resident consultation meetings will be held and individual consultations will be undertaken with other residents as requested.

5.8 **Insight**

5.8.1 The Council's Housing Strategy, which identifies the need for new affordable homes, is supported by a comprehensive evidence base, including a Housing Needs Assessment and a study of affordability carried out by the Council's insight team.

6. BACKGROUND PAPERS

6.1 Cabinet Resources Committee, 24 June 2013, 'Local Authority New Housing Programme'http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=151&MId=7457&Ver=4

6.2 Assets Regeneration and Growth Committee, 9 July 2014, Strategic Asset Management Plan http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7960&Ver=4 .

6.3 Assets Regeneration and Growth Committee, 8th September 2014, Strategic Asset Management Plan https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7885&Ver=4

6.4 Assets Regeneration and Growth Committee, 15 December 2014, Strategic Asset Management Plan https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7886&Ver=4

6.5 Assets Regeneration and Growth Committee, 15 December 2014, Local Authority New Housing Programme (Barnet Homes) https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7886&Ver=4

6.6 Council, 20 October 2015, Report of Policy and Resources Committee – The Barnet Group – Creation of new legal entity and subsidiary https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8340&Ver=4

6.7 Council, 20 October 2015, Report of Housing Committee – Housing Strategy and Commissioning Plan https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8340&Ver=4

6.8 Housing Committee, 19 October 2015, Housing Revenue Account (HRA) Business Plan https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=699&MId=8268&Ver=4

6.9 Assets Regeneration and Growth Committee, 30 November 2015, Housing Development Pipeline- Barnet Homes http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=8311&Ver=4

This page is intentionally left blank

London Borough of Barnet

Loaning to a Registered Provider Report

December 2015

BARNET
LONDON BOROUGH

31tenconsulting.co.uk

Contents

Executive Summary

The London Borough of Barnet (the Council) commissioned 31ten Consulting Limited (31ten) in September 2015 to support it in developing an approach to providing funding to a new Registered Provider (RP) subsidiary to Barnet Homes, Open Door, for the development of 320 to 500, two and three bed affordable rent units. Barnet Homes is the Council's Housing ALMO and part of The Barnet group (TBG).

The Council's Housing Strategy has the overarching objective of providing housing choices that meet the needs and aspirations of Barnet residents and its first priority is to increase housing supply. The new 10 year Management Agreement between the Council and Barnet Homes has a target for Barnet Homes to develop 500 new homes on HRA land to support this priority. The purpose of the proposed loan arrangements is to enable Barnet Homes, through their new RP subsidiary to meet this target.

The delivery of these homes through the proposed loan arrangement has the potential to deliver significant community benefits and reduce the Council's costs on temporary accommodation, whilst at the same time providing a revenue generation opportunity for the Council to balance the risk of providing the funding.

Scope of the Review

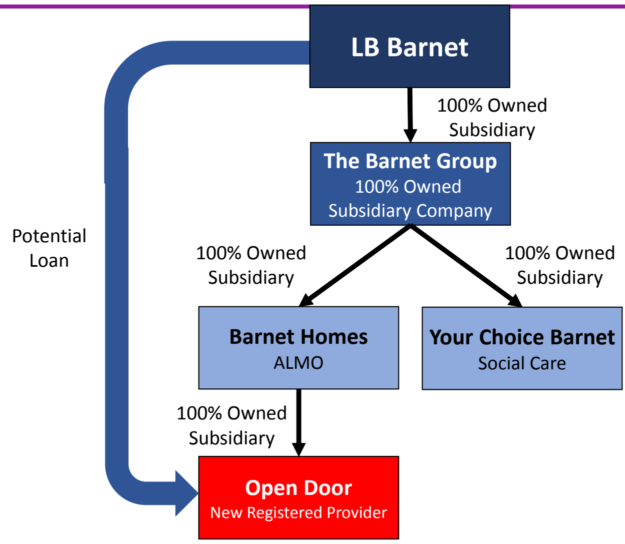
The Council requires specific advice to support it in assessing the proposed funding rate for the facility and terms to be used. In providing advice on this funding rate the Council also requires support in considering the impact of this rate on the potential viability of the development and proposals as to how to account for and mitigate risk of the transaction within the Council's accounts.

Understanding of the structure of the new RP

Barnet Homes has submitted an application to the Homes and Communities Agency (HCA) to establish a new RP, Open Door, as a subsidiary. The new organisation would undertake the delivery of an initial 320 new homes for affordable rent. The approval of any loans to the Barnet Homes RP subsidiary is, therefore, subject to a successful application. The new development is to be funded through 2 major sources:

- GLA Grant totalling £2.46m which would contribute to elements of the 101 homes; and
- Loan funding from the Council on commercial terms for the full 320 homes to Open Door (with a possible further loan in the future to support the development of an additional 180).

The diagram below details how the new RP fits into the existing structure of the Council's Trading Company and the potential loan that is under review.



The financial modelling review was undertaken utilising two recognised industry modelling tools.

Review of the interest Rate Used

31ten, in partnership with Arlingclose[1] has undertaken a review of the terms of the loan suggested in the model. The Council is considering a loan of approximately £57m to £65m to Open Door for approximately 35 to 40 years. The loan will have a fixed rate.

The interest rate assessment has been undertaken by reviewing three separate factors, as follows.

- An assessment of Barnet Council's cost of funding plus a suitable credit risk margin
- Minimum requirements under State Aid rules (this has been used as a useful guide to indicate a market rate, although if the loan is solely for affordable use it is not necessarily applicable); and
- An assessment of the rate that Open Door could achieve elsewhere in the market.

This review concluded that the loan rate could be set between **4.56%** (being an appropriate marginal mark up on the Council's cost of funds) and **5.80%** being the appropriate market rate available.

Benchmarking against other Authorities

It is important to consider the precedents for the Council providing funding to the new RP. A variety of local authorities who have undertaken this role across the Country were therefore consulted. The review team also brought to bear its knowledge and experience from reviewing similar arrangements. This resulted in a series of key findings which are summarised within the report and listed below.

- The importance of risk management workshops
- Recommendations around the strength of the governance process
- The move away from charging Commitment Fees
- Managing risk through variance of loan covenants
- Obtaining an independent View on the Interest Rate to be used

[1] Arlingclose is a Treasury Management advisor who are authorised and regulated by the Financial Conduct Authority (FCA). Its role for this engagement has been to provide FCA guidance and sign off of the Interest Rate to be used in light of the review undertaken. the

- Variance in loan arrangements
- Applying the "Wednesbury Principle" - The principle of acting "reasonably and properly in law"

Financial Modelling Results

The findings in the main body of the report are presented in the following way:

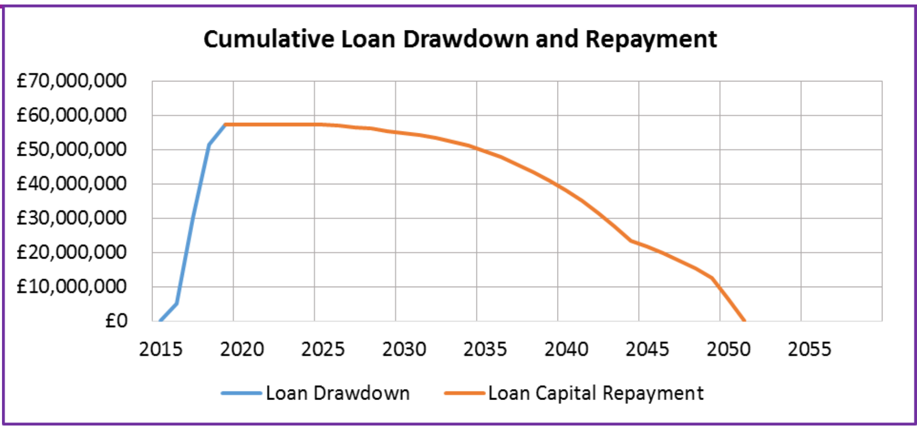
- **Varying Interest Rate** – Because the rate recommended has been set as a range between 4.56% and 5.80% three versions of the baseline scheme are presented to show the impact of this variation – 4.56% 5.02% and 5.80%
- **Varying the build cost** – In order to demonstrate the sensitivity of the build cost the baseline scheme at 4.56% is shown with a plus or minus 5% and 10% build cost to show this impact.
- **Up front funding within the HRA** – The Council has examined the potential to incur some of the costs within the HRA in advance of transferred the land to Open Door. In this circumstance these costs would be incurred by the Council and paid back from "super profits" at the end of the scheme. This option was discounted because it was found the loan was viable without it and the investment did not represent value for money to the Council.
- **£2000 per unit per annum contribution** – A baseline assumption within the model is also a cost to the RP of £2,000 per unit per annum. This is a premium that is to be paid to the Council for each unit, once completed, as agreed between the two parties through the new Management Agreement.

Outcome from the Review – Proposed loan arrangement

A proposed 4.56% loan rate produces the following results

Development Cost	52,512,000
Company Operational Cost	1,551,000
Capitalised Interest & Arrangement Fee	4,848,000
Net Rental Income	-2,854,000
Required Working Capital Reserve at end of Dev.	1,398,000
Council HRA Funding	0
Total Loan Facility	**57,454,000**
Blended Interest Rate	**4.56%**
Interest Only Period (Years)*	**4**
Payoff Period (Years)*	**32**

This demonstrates that a total loan of £57.5m is required. This is then paid back over 32 years with interest only being paid over the first 4 years and then any excess cash being used over a £1m float to pay down principal over the life of the loan. This is exemplified in the graph below.



A loan rate of 4.56% is considered prudent for the following reasons

- As Barnet Homes / TBG are wholly owned by the Council the risk of the loan is reduced
- It ensures that the loan can be repaid within 35 years – a period that an external lending organisation would find acceptable (and taking account a potential 5% increase in build costs as modelled in the sensitivity analysis)
- It meets Council's aspirations to achieve a 1.25% margin on the loan, which is in line with other local authorities who have provided similar loan arrangements
- The rate needs to be sufficiently attractive to encourage and give confidence to TBG Board to develop more homes for affordable rent

The table below shows the three different interest rates for comparison purposes

	4.56%	5.02%	5.30%
Total Loan Facility	£57.5m	£60.4m	£65.6m
Interest Only Period	4 years	8 years	14 years
Payback Period	32 years	36 years	40 years

Key Sensitivity Results

Clearly there are risks, both upside and downside, to each of the core assumptions. The most likely of these to effect the scheme are those in relation to build costs and phasing. Using the baseline 4.56% loan rate,the tables below show the impact on the level of loan required and the payback period for the debt by varying the build cost and phasing assumptions respectively.

Build Cost Variation

Build Cost Variation	Value of Loan	Payback period
-10%	50,629,000	27
-5%	53,930,000	31
0	57,454,000	32
+5%	61,326,000	34
+10%	65,614,000	37

Phasing Variation

Scheme Delay Variation	Value of Loan	Payback Period
Core scheme	57.5	32
2 month delay	58.2	33
4 month delay	59.0	33
6 month delay	60.1	34

Due to the fluid nature of housing development it is suggested that some flexibility is built in to the loan arrangement, as a contingency, to allow for some possible variation as outlined above.

Impact on the Council

In order to judge deliverability it is important to model the impact of the loan on the Council's accounts.

The key impacts to the Council revenue account are as follows:

- The margin on the loan is made above the Council's cost of funds
- £2,000 per unit per annum payment from the RP as agreed in the Management Agreement
- Arrangement fee@ 1% of loan
- Mismatch in interest incurred vs received in the development period

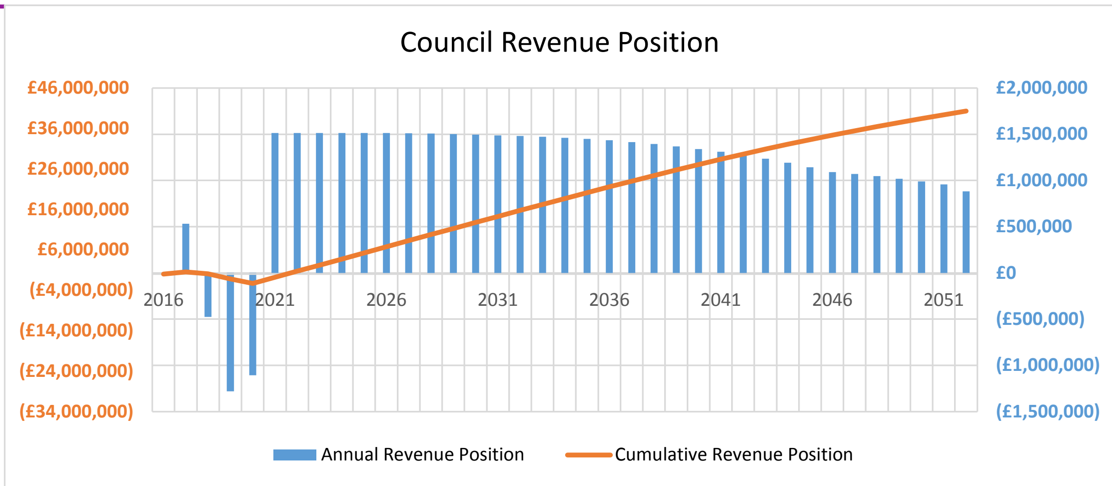
The table below shows the potential net income receivable over the life of the loan assuming the following loan arrangements:

- Council cost of funds - 3.32%;
- Loan to Open Door at 4.56%
- Interest only payments for the first 4 years;
- Loan repaid over 32 years.

The table shows the total net income receivable for each element and the Net Present Value (NPV) of these income streams.

Council Revenue		
Revenue Type	**NPV (6.09%)**	**Gross Amount**
Interest Margin	6,300,000	19,230,000
LBB £2k Payments	7,040,000	20,480,000
Arrang. Fee	570,000	

This demonstrates a total net income to the Council over the life of the project of £40.2m which has an NPV of £13.9m. The most significant impacts however are in the timing of these effects on the revenue account. This is demonstrated in the graph below.



The graph shows that the Council achieve significant rewards over the life of the project However, assuming the Council borrowed at 3.32% to fund the loan it would incur unmatched costs to the revenue account in years 2-4 of between £0.4m and £1.2m that it would need to fund.

Summary

This report proposes an appropriate loan rate of 4.56%, which can be repaid over 32 years, assuming approval is granted by the HCA for the creation of Barnet Homes, RP subsidiary, Open Door. However, the Council may want to allow Open Door some contingency to provide for variation in build costs or phasing.

The impact on the Council of making such a loan is significant. It realises substantial returns on the arrangement over the life of the loan, however, there are potential costs to the revenue account in the early years that need to be mitigated through its treasury management arrangements.

The Council need to develop robust legal documentation around this potential facility, including a loan agreement that clearly delineates the new RP from its parent body and the Council, to ensure clarity over where the liability is held for the borrowing, the level of parent company support and the appropriate covenants, step in rights and default provisions.

1. Background and Introduction

1.1 The London Borough of Barnet (the Council) commissioned 31ten Consulting Limited (31ten) in September 2015 to support it in developing an approach to providing funding to a new Registered Provider (RP) subsidiary to Barnet Homes, Open Door, for the development of 320 to 500, 2 and 3 bed affordable rent units.

Scope of the Review

1.2 The Council is assessing the potential to provide funding on appropriate terms to Open Door, the new RP subsidiary of Barnet Homes for the delivery of 320 to 500, 2 and 3 bed affordable rent units and requires specific advice to support it in assessing the proposed funding rate for the facility and terms to be used. In providing advice on this funding rate the Council also requires support in considering the impact of this rate on the potential viability of the development and proposals as to how to account for and mitigate risk of the transaction within the Council's accounts.

1.3 Barnet Homes has provided a series of detailed financial models of the development and this information will principally provide the financial assumptions and information that will form the basis of the advice given in this report.

1.4 The Council has requested specific advice on the following key issues:

The Nature and Potential Rate of the Loan

- How should the Council determine the appropriate interest rate that should be used to loan to the new body considering the requirements of state aid / market assessment and how this would be reviewed through the course of the loan period?
- The treatment of the loan within the Council's accounts – both its classification within the balance sheet and the provisions for repayment, including impacts on MRP policy;
- Advise on the potential repayment methods and developing a preferred option for this repayment with the Council;
- Benchmark the approach, scale and rates used against a sample of other local authorities provided by the Council; and
- Consideration the treatment of any preliminary works prior to Barnet Homes establishing the RP.

The Risk Profile of the Loan to the RP

- Based on the development appraisal, what is the risk to the RP with regards the potential repayment of the loan(s);
- Examine the interplay between the recommended loan rate and the viability of the scheme;
- Provide high level due diligence on the key assumptions and the assessment of the inflation assumptions within the financial model provided by Barnet Homes.

Recommended Loan Rate

- Advise the Council on the appropriate rate to lend to the RP; and
- Provide independent FCA regulated advice through Arlingclose on the appropriateness of this rate.

Methodology and Approach

1.5 31ten has adopted the following approach in order to complete the work requested by the Council:

Information Gathering and Review

1.6 31ten undertook an information gathering process to ensure all relevant background material was used to develop an understanding of the scheme. This included the following:

- Interviews with key personnel;
- Review of financial modelling undertaken by Barnet Homes and the assumptions underpinning this;
- Review of the shareholders agreement for The Barnet Group and the proposed structure / governance processes for Barnet Homes and the new RP subsidiary
- Review of guidance pertaining to the use of the EU Reference rate to set loan rates;
- Engagement with Arlingclose in setting the appropriate rate and terms of the loan; and
- Review of current housing and local government finance policy and regulations.

Development of Bespoke Financial Model

1.7 As detailed within 31ten's proposal a new bespoke financial model utilising the key assumptions has been developed based on the financial information provided by Barnet Homes. This model has been be used to assess the following key tasks:

- To challenge the assumptions within the Barnet Homes modelling, including the work undertaken by Campbell Tickel, and to ensure the innate viability of the scheme has been assessed in a technically correct manner;
- To examine the approach to lending of Council funds and how these will be repaid. The model enables the Council to examine a variety of draw down and repayment methods that include amortised, equal instalment payment and maturity ; and
- The model has been used to examine a variety of sensitivities and scenarios to demonstrate the impact of key risks on the development and the ability of the new RP to repay the loan. Through this process a risk adjusted loan profile has been developed.

Review / Setting of Assumptions

1.8 In order to review the assumptions there are a variety of steps that have been taken:

- **Core Appraisal Assumptions** – within the modelling undertaken by Barnet Homes and Campbell Tickel the RP has assumed a variety of costs and incomes. Using industry standards and 31ten and Arlingclose expertise a high level review has been undertaken of these assumptions to ensure they are appropriate. This included, but was not limited to: build costs, professional fees, other costs, rental income, loan repayments, carrying balances and delivery phasing.
- **Interest Rate** – The interest rate associated with any loan from the Council has been tested through engagement with Arlingclose by examining the potential rate using three methodologies:
    - Margin on the Council's funding cost;

- State Aid guidance; and
- Review of Alternative Lenders.

- **Banking fees –** Review of the banking fees included within the financial modelling to ensure they represent a commercial approach;
- **Repayment approach and terms –** The architecture of the loan and its repayments, including interest only periods and principal repayment programmes; and
- **Delivery and Repayment Programme** – Review of the delivery phasing and repayment profile for the debt to ensure it is affordable and in line with commercial expectations and review of the Council's MRP policy to ensure it is appropriate for the potential loan agreement

1.9 The output of this process formed a revised set of core assumptions that were used for the scheme.

Benchmarking against other Authorities

1.10 In order to ensure the outputs of the process above were appropriate they were reviewed against a series of similar Local Authority based lending schemes. Through this process the assumptions above were reviewed and compared, and any differences explained. The Council provided a list of Authorities that were used for this benchmarking that is included at Appendix A.

Financial Modelling Results

1.11 Based on the above analysis the revised scheme was modelled and a variety of loan arrangements tested. On the basis of the results of this exercise a revised loan arrangement was developed.

Sensitivity / Scenario analysis

1.12 It is crucial, as lender that the Council not only judge the risk profile of the body being lent to, but also of the scheme being delivered. The process set out so far has addressed the core assumptions and their appropriateness, however, it is vital that the sensitivity of these assumptions is reviewed.

1.13 If build cost increases of 5-10% this could cause the scheme to become fundamentally unviable this additional review should be established and this quantification of risk factored in to this assessment. 31ten working with the Council developed a series of key variable assumptions to consider their impact on the scheme. I

1.14 These sensitivities were then collected into some key scenarios to show downside and upside risk scenarios and their impact on the ability of the new RP to meet the conditions of the loan arrangements.

Finalisation of preferred loan Approach

1.15 Following the above process the loan arrangements were optimised, including further analysis of the core assumptions, timing, loan arrangements and phasing. This resulted in the development of a preferred scheme that could then be reviewed to finalise the recommended Interest Rate and terms. Arlngclose then undertook a further review of the loan arrangements to recommend the final rate included within this report.

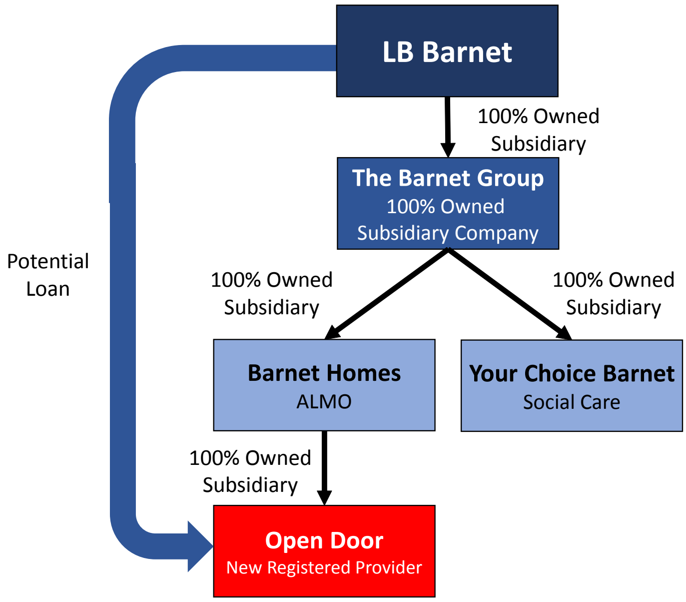
Conclusions

1.16 Following completion of the tasks above a series of conclusions were drawn in order to provide an evidence base to the Council from which the appropriate loan arrangements can be determined.

2. Findings

Understanding of the structure of the new RP

2.1 Barnet Homes has taken the decision to establish a new RP as a subsidiary to the ALMO. This new body would be the body who would undertake the delivery of an initial 320 new homes under review. There is also the potential of the RP undertaking the development of a further 180 units, bringing the initial potential units to 500. The funding arrangements of this additional 180 units are not currently under review. The diagram below details how the new RP fits into the existing structure of the Council's Trading Company and the potential loan that is under review.



2.2 The Council is reviewing the potential of loaning to Open Door, the newly established RP. The loan agreement would be with this new RP body who would be entirely liable for the debt, rather than Barnet Homes.

2.3 The new development is to be funded through 2 major sources:

- GLA Grant totalling £2.46m which would contribute to elements of the 101 homes; and
- Loan funding from the Council on commercial terms for the full 320 homes to Open Door.

Review of the Barnet Homes Modelling

2.4 The financial modelling review was undertaken in three stages, as follows:

- Review of Barnet Homes initial in-house modelling using PodPlan;
- Review of Barnet Homes updated modelling using PodPlan; and
- Review of Campbell Tickel modelling, undertaken for Barnet Homes, using Brixx.

2.5 A review of the models showed that they were generally fit for purpose, however, there were a number of issues within them that needed to be addressed in moving to the final bespoke model that forms the underpinning financial appraisal for the loan. These issues / changes in assumptions have been reported in detail in interim reports and agreed between the parties.

Review of the interest Rate

2.6 Arlingclose[2] has undertaken a review of the terms of the loan suggested in the model. This section summarises Arlingclose's findings. The loan is characterised as follows.

- The loan will finance the development phase of the projects, before amortising once the operational phase begins.
- The loan will be drawn down in stages to meet development expenditure.
- The size of the loan is dependent on the cost of the development.

2.7 This section considers the interest rate on the loan.

Assumptions

2.8 The key assumptions that underpin Arlingclose's analysis are as follows:

- The development is a commercial undertaking. The management team at Open Door (and Barnet Homes) have experience of successfully delivering similar projects;
- The business model is viable and has been tested extensively;
- Barnet Council is the ultimate parent, has an interest in the development and is able to exert some control over Barnet Group, including Open Door;
- Open Door is a registered provider, regulated by the Homes & Communities Agency;
- Open Door currently has no operational business or cash flows. Land will be transferred by Barnet Council to Open Door to facilitate the development;
- No interest payments are made on the during the development phase. The interest (and the arrangement fee) is capitalised. The loan amortises during the operational phase in line with surplus net income from Open Door; and
- The loan will be secured on all developed properties in whatever state of completion. Both properties and work in progress will be able to be sold be at least 50% of the loan value – loss on default is therefore 50%.

Interest Rate and Fees

2.9 Barnet Council is considering making a substantial loan of approximately £57m to £65m to Open Door for approximately 35 to 40 years. As before). The exact size and term of the facility is determined by the business/cash flow model detailed below. The loan will have a fixed rate.

2.10 The minimum interest rate that should be charged on the loan will be the higher of the Barnet Council's cost of funding plus a suitable credit risk margin. The maximum rate chargeable will be the rate that Open Door could achieve elsewhere. Once these have been determined, the Council can assess the options and set a rate appropriately.

[2] Arlingclose is authorised and regulated by the Financial Conduct Authority Confidential - not for disclosure to third parties

Council's Funding Costs

2.11 The majority of local authorities' long-term borrowing is sourced from the Public Works Loan Board (PWLB). Although the Council may opt not to borrow from the PWLB, as it could potentially borrow at lower rates from banks or other local authorities, PWLB interest rates provide a sound benchmark.

2.12 On 4th December 2015, the PWLB new maturity loan rate, including the certainty rate discount to which the Council is entitled, was **3.44%** for 30 years. Given the uncertain repayment profile, a bullet repayment rate over the average life has been used as a proxy for the facility. Note that these rates change daily in line with the gilt market.

2.13 Lenders typically set interest rates at a margin above their funding costs to cover the risk of the borrower being unable to repay the principal and interest as they become due.

2.14 As a new company, Open Door does not have any financial metrics or business history with which an estimate of credit strength can be made. However, its ultimate parent is Barnet Council, which is likely to mean that the Council has or can take effective control of the company. It is also assumed that Barnet Homes, the direct parent of Open Door, has significant development experience given its management of the Council's 15,000 housing stock.

2.15 Given the effective control and an experienced development team, the risk to the Council is lower than it would be given if the borrower was an independent company. The credit risk margin is therefore lower.

2.16 The loan is also secured on the properties being built. Given the development appears to be a Council objective, in the event of Open Door default the Council could simply take ownership of whatever assets there were and incorporate them into its own housing stock, continuing the development. Alternatively, the Council could sell the assets to another developer.

2.17 Given the lack of business history for Open Door, estimating a credit risk premium is challenging. Erring on the side of caution and taking into account its ultimate parent, which could be expected to lend support where not in contravention of state aid rules, and the riskier development period, a BB or BBB rating may be appropriate.

2.18 Historical evidence shows that 10.8% of organisations with a Moody's credit rating in the "BBB" range have defaulted within twenty years, giving a discounted annual risk figure of 0.36% for a maturity loan. 20 years is the longest period for which the information is available.

2.19 For a "BB" rating, the cumulative historical default rate for 20 years is 33.4%, which equates to a discounted annual risk premium of 1.12% for a maturity loan. The BB rating may be more appropriate given that the loan does not pay interest live for the development period and the repayment schedule relies on the success of the development.

2.20 Adding the credit risk margin to the PWLB rate gives one measure of the minimum acceptable interest rate on the loan between 3.80% and 4.56% for 40 years.

State Aid

2.21 Any support provided by the Government (including public bodies such as local authorities) to businesses must be compliant with the European Union regulations on State Aid. If the Council provided funding at a lower interest rate than would be secured by commercial organisations that could be in competition with the borrowers, this would likely constitute state aid. Although not all state aid is illegal, it would bring a host of complications, and is best avoided.

2.22 Open Door have stipulated that the loan will be used for “Affordable Housing” development only, and as such would potentially secure exemption from State Aid if challenged, however, State Aid is still a useful approach to judge potential rates achievable in the market.

2.23 The European Commission publishes guidance on the base reference rate for each member state, and the appropriate margin to reflect the level of collateralisation and creditworthiness of the borrower. This approach results in the calculation of lending rates which are deemed to be a proxy for the prevailing market rate; loans made at higher rates do not give rise to State Aid.

2.24 The current published base reference rate for the UK is 1.02% for all maturities. The margin to be added is taken from the following table.

	Collateralisation		
Creditworthiness	High	Medium	Low
Strong (AAA-A)	60	75	100
Good (BBB)	75	100	220
Satisfactory (BB)	100	220	400
Weak (B)	220	400	650
Bad / Financial Difficulties (CCC and below)	400	650	1000

(ref. Official Journal of the European Union - Communication from the Commission on the revision of the method for setting the reference and discount rates (2008/C 14/02))

2.25 We would categorise the proposed loan as having “normal” collateralisation, rather than “low” or “high”, to use the EC terminology. This is because security on property is standard for loans to registered providers. The security of the property is likely to limit any potential loss on default, dependent on any restrictions on property usage imposed by the Council.

2.26 Open Door has no credit rating and no business history. This suggests credit strength of B or none, although the effective control by Barnet Council may be a significant credit positive (as discussed in the previous section). Based on the level of collateralisation in 3.15, this generates a margin of 4.00%.

2.27 This is in line with the state aid guidance, which suggests that a company without a business history should receive a margin of at least 4.00%.

2.28 Adding the margin to the reference rate gives the minimum rate for State Aid purposes of 5.02%. This is somewhat higher than the highest minimum rate determined in paragraph 3.12 (4.56%). To avoid any state aid implications, if challenged, the rate would have to be at least 5.02%, although as the loan is for “Affordable Housing” only the transaction is judged to fall outside State Aid regulations, as such 4.56% remains relevant.

Alternative Lenders

2.29 Larger RPs borrow by issuing bonds, whose prices and yields are publicly available. A number of aggregation vehicles for smaller housing associations also issue bonds of similar credit quality, although smaller associations tend to pay higher rates. The repayment structure of the loan based on the business model means that the average life will be around 30 years. The details of a selection of bulletin maturity bonds with remaining lives of around this term are given below.

Creditworthiness	Maturity	Bond Yield	Margin Over Gilts
Amicus Horizon Group	March 2043	3.88%	1.30%
The Housing Finance Company	Oct 2043	3.86%	1.30%
London & Quadrant Housing Trust	Oct 2049	3.64%	1.13%
Average		**3.79%**	**1.24%**

Source: Bloomberg

2.30 The loan to Open Door includes a period where interest is not paid live, instead being capitalised and repayment only when the business begins to make surpluses. This level of flexibility is not likely to be available via a bond issue.

2.31 A private placement with a financial institution (e.g. pension fund) may be more appropriate. Rough private placement margins are between 1.5% and 2.0% over gilt yields.

2.32 In either case, the level of flexibility in the facility being considered and the credit risk of the loan are likely to incur a significant premium. An appropriate estimate could be between 1.5% and 2.0% on top of the above rates.

2.33 Added to the broad average of the above bond rates of 3.80%, we could expect a market rate for a secured maturity 30 year loan to be around 5.80%. The private placement rate could be as much as 6.55%.

Interest Rate Summary

2.34 The state aid regulations suggest that a rate of 5.02% is the minimum rate the Council can charge and as we understand it this is the rate that the current business plan is based upon.

2.35 Whilst the rate of 5.02% is below the maximum market rate that we feel Open Door would access if they went to the market this is above the minimum rate of 4.56% that we have calculated from our assessment of the potential credit strength of the new organisation

2.36 Taking the above considerations into account, we advise that the loan rate could be between **4.56%** and **5.80%,** derived using the methods described through this report. This range has been discussed with the Council and an appropriate rate of 4.56% has been agreed

Risks to be considered

2.37 There are a number of risks to be considered in the context of this loan, the most likely of which is that the UK interest base rate as set by the Bank of England changes between now (September 2015), and the actual time when the loan is taken out. There is a widely held view that this rate will rise at some stage in the medium term, a change which is likely to increase the applicable reference rate in this instance. It is of course not possible to know when this change will take place nor how significant it will be. Indeed events may dictate that it doesn't happen before the loan is granted, if at all, or even that a further decrease is the outcome. Further, the expectation of an interest rate rise will to some extent already have been factored into the 1-year rate used as a basis for the reference rate so some of the impact may have already been mitigated. The risk has been considered in the sensitivity analysis below.

2.38 There is a further risk that the proposed legal structure of the loan suggests that the minimum collateralisation of 70% cannot be guaranteed, or that the asset value falls beneath 70% of the loan value and therefore the margin applied must be increased accordingly. This risk can be fully mitigated through careful drafting of the loan agreement to ensure such guarantees are in place.

Benchmarking against other Authorities

2.39 In addition to the above analysis it is important to consider the precedents for the Council providing funding to the new RP. In order to complete this the review team discussed the approach with a variety of Authorities who have undertaken this role across the Country as well as bringing to bear the knowledge and experience of the review team from reviewing similar arrangements. The list of organisations consulted or used for benchmarking is included at Appendix A. The key findings of this work are included below:

- **Risk management Workshops** – In order to generate consistent commitment and buy-in from key stakeholders, including Members from all political parties, one of the consulted authorities undertook a series of stakeholder and risk workshops at which experts from the finance and treasury management industries explained the process, implications, potential benefits and risks, and appropriate mitigating actions. These workshops are seen by the Council as one of the most important elements of the process as they help to establish a stable political platform upon which the significant long-term investment into the local housing market could be made.
- **Governance** – One of the key consultees raised the importance of the governance process around the loans it made to RPs. Initially oversight was provided through the Council's Audit and Corporate Governance Committee, however, the need to focus more time and challenge on these loans resulted in the establishment of a Treasury management Board to specifically scrutinise these investments.
- **No Commitment Fees** – It has become an accepted principle within the market of not applying commitment fees to investments. Typically a private bank investment would apply these costs but a number of the Authorities who have been undertaking RP loans have decided not to apply these.
- **Manage risk through variance of covenants** – A number of consultees explained that it was possible to keep the rates on the lower end of the spectrum expected by applying more stringent covenants. For example one consultee typically inserted a 120% loan to value covenant but that this had been increased to 150% to a higher risk RP and thus keeping the rate lower. This could be applied here to justify a rate towards the lower end of the spectrum.
- **Independent View on Interest Rate** – Consultees made clear that it is possible for the Council to define the interest rate to be used but that this to provide extra rigour this rate should be confirmed through an independent FCA regulated third party. Through this approach an appropriate regulated advisor will ensure that the rate charged meets the risk profile and market expectations the Council should comply with. A number of consultees employ this third party to define the rate for them based on financial due diligence and market research. Arlingclose have advised on this aspect of this review and their advice is included within this report.
- **Length of Loan** – The consultees made clear that the period of the loan was a product of the business plan submitted and that this could, in their experience, vary from 10 to 45 years. A variety of loan repayment terms have been used within these business plans including a bullet payment approach where interest only is charged in the early years in order to alleviate challenges to viability prior to rental income realisation with a bullet payment at staggered points.
- **Apply "Wednesbury Principle"** – One of the consulted Authorities explained that they always consider whether they are applying the "Wednesbury Principle". This is a principle of acting "reasonably" in undertaking these investments defined as follows '… a person entrusted with

a discretion must, so to speak, direct himself properly in law… if 'he does not obey those rules, he may truly be said, and often is said, to be acting "unreasonably"'

Financial Modelling Results

2.40 Based on the changes detailed in the sections above this section summarises the findings emerging from the review. These are presented in the following way

- **Varying Interest Rate** – Because the rate recommended has been set as a range between 4.56% and 5.80% three versions of the baseline scheme are presented to show the impact of this variation – 4.56% 5.02% and 5.80%
- **Varying the build cost** – In order to demonstrate the sensitivity of the build cost the baseline scheme is shown with a plus or minus 5% and 10% build cost to show this impact.
- **Up front funding within the HRA** – There is the potential for the Council to incur some of the costs within the HRA in advance of transferred the land to the new RP. In this circumstance these costs would be incurred by the Council and paid back from "super profits" at the end of the scheme. This option demonstrates the impact of this is shown

2.41 A detailed table of assumptions used within the model are included at Appendix B.

2.42 A baseline assumption within the model is also a cost to the RP of £2,000 per unit per annum. This is a premium that is paid to the Council for each unit completed as agreed between the two parties.

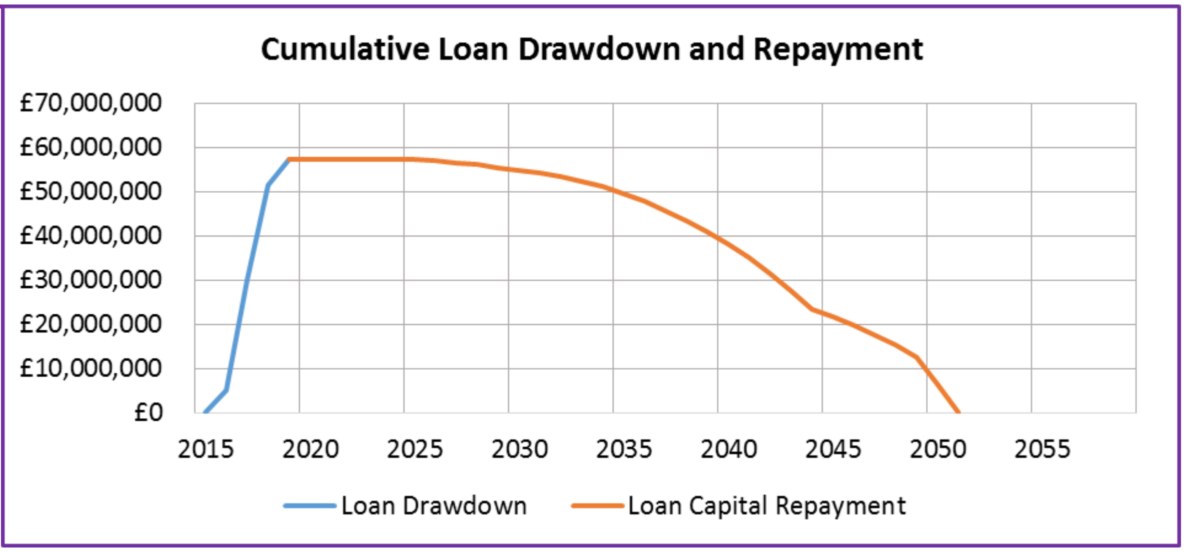
Varying the Interest Rate

Loan at 4.56%

2.43 If the lowest interest rate recommended is used (4.56%) it produces the following results

Development Cost	52,512,000
Company Operational Cost	1,551,000
Capitalised Interest & Arrangement Fee	4,848,000
Net Rental Income	-2,854,000
Required Working Capital Reserve at end of Dev.	1,398,000
Council HRA Funding	0
Total Loan Facility	**57,454,000**
Blended Interest Rate	**4.56%**
Interest Only Period (Years)*	**4**
Payoff Period (Years)*	**32**

2.44 This demonstrates that a total loan of £57.5m is required. This is then paid back over 32 years with interest only being paid over the first 4 years and then any excess cash being used over a £1m float to pay down principal over the life of the loan. This is exemplified in the graph below.

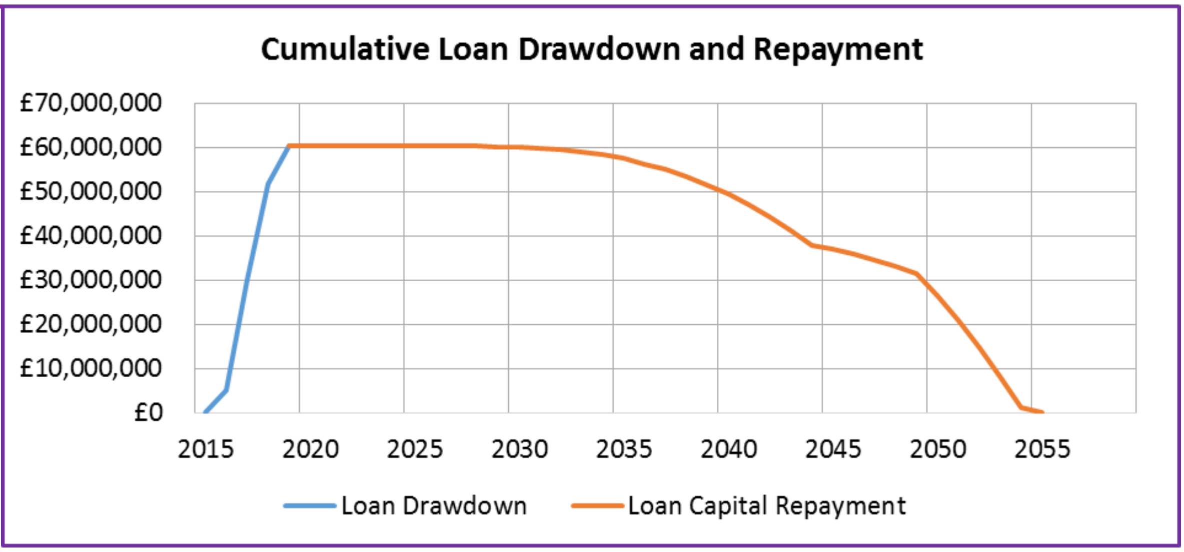


Loan at 5.02%

2.45 If a more risk averse rate were used of 5.01% it produces the following results

Development Cost	52,512,000
Company Operational Cost	1,551,000
Capitalised Interest & Arrangement Fee	5,336,000
Net Rental Income	-2,854,000
Required Working Capital Reserve at end of Dev.	3,844,000
Council HRA Funding	0
Total Loan Facility	**60,388,000**
Blended Interest Rate	**5.02%**
Interest Only Period (Years)*	**8**
Payoff Period (Years)*	**36**

2.46 This demonstrates that a total loan of £60.4m is required. This is then paid back over 36 years with interest only being paid over the first 8 years and then any excess cash being used over a £1m float to pay down principal over the life of the loan. This is exemplified in the graph below.

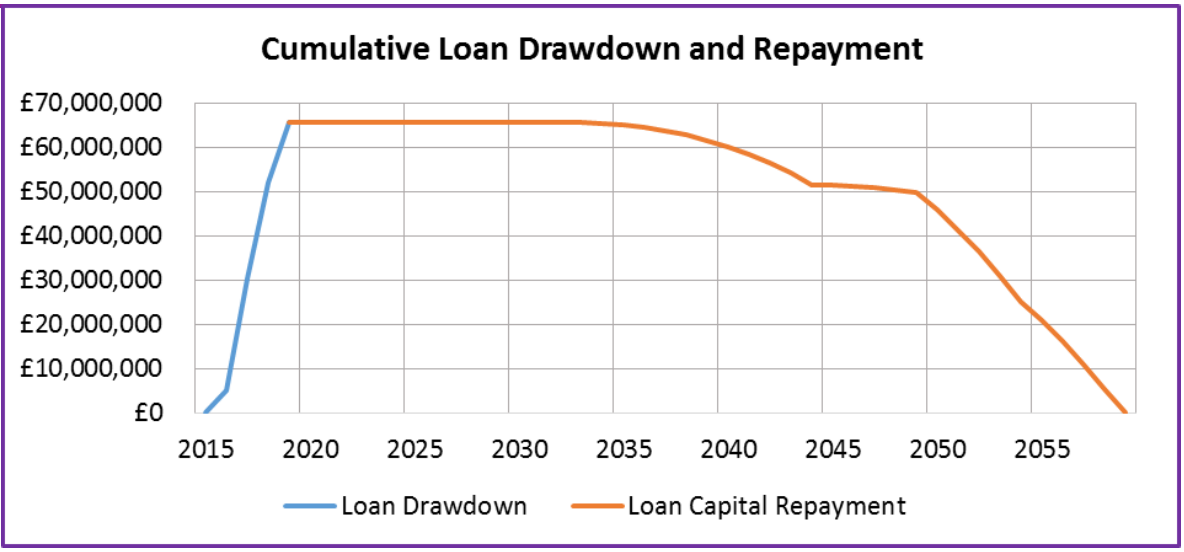


Loan at 5.30%

2.47 The recommended rate is between 4.56% and 5.80%. The baseline scheme is not viable at 5.80% as the loan cannot be repaid over 40 years. The peak rate at which the loan can be repaid over this period is 5.30% this produces the following results

Development Cost	52,512,000
Company Operational Cost	1,551,000
Capitalised Interest & Arrangement Fee	5,677,000
Net Rental Income	-2,854,000
Required Working Capital Reserve at end of Dev.	8,744,000
Council HRA Funding	0
Total Loan Facility	**65,629,000**
Blended Interest Rate	**5.30%**
Interest Only Period (Years)*	**14**
Payoff Period (Years)*	**40**

2.48 This demonstrates that a total loan of £65.6m is required. This is then paid back over 40 years with interest only being paid over the first 14 years and then any excess cash being used over a £1m float to pay down principal over the life of the loan. This is exemplified in the graph below.



2.49 This demonstrates that the baseline scheme is viable within a 40 year payback period between 4.56% and 5.30% and the Council could loan at any rate along this spectrum

Varying the Build Cost

2.50 Clearly there are risks, both upside and downside, to each of the core assumptions. The most likely of these to effect the scheme are those in relation to build costs. As the rent is linked to affordable use, this income stream is unlikely to vary significantly, as such this section will model the impact of varying this key assumption. The core scheme is used as a baseline at a 4.56% loan rate.

2.51 The table below shows the impact on the level of loan required and the payback period for the debt by varying the build cost assumptions

Build Cost Variation	Value of Loan	Payback period
-10%	50,629,000	27
-5%	53,930,000	31
0	57,454,000	32
+5%	61,326,000	34
+10%	65,614,000	37

Delays in development

2.52 The other key variable that could impact the loan and its repayment terms id the potential for development to be delayed. The table below shows the impact of a 2, 4 and 6 month delay on the development across the phasing. The core scheme is used as a baseline at a 4.56% loan rate.

2.53 The table below shows the impact on the level of loan required and the payback period for the debt by varying the scheme delivery timetable assumptions

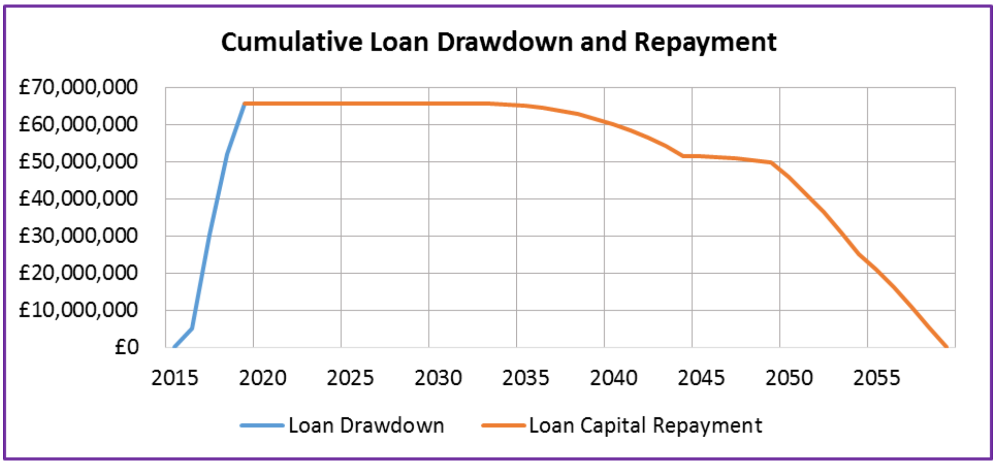
Scheme Delay Variation	Value of Loan	Payback Period
Core scheme	57.5	32
2 month delay	58.2	33
4 month delay	59.0	33
6 month delay	60.1	34

Up Front Funding Within the HRA

2.54 The Council has considered undertaking some of the early works on the scheme within the HRA before the land transfer to the new RP. The initial £3.7m loan detailed above is used to fund preliminary works to the sits in advance of development. There is the potential for the Council to undertake these works within the HRA before the land is transferred to the RP and for the scheme to repay these from profits over time. This would, in essence, be treated as an equity investment by the HRA into the scheme having the resultant impact of saving the early years funding costs and repaying these funds from profits at the back end of the scheme

Development Cost	48,812,000
Company Operational Cost	1,551,000
Capitalised Interest & Arrangement Fee	4,252,000
Net Rental Income	-2,854,000
Required Working Capital Reserve at end of Dev.	750,000
Total Loan Facility	**52,510,000**
Council HRA Funding to be Repaid	3,700,000
Blended Interest Rate	**4.56%**
Interest Only Period (Years)*	**2**
Payoff Period (Years)*	**30**

2.55 The table demonstrates that undertaking these works within the HRA prior to transfer significantly benefits the scheme with the total loan required falling to £52.5m from £57.5m. A fall of £5m due to the associated funding costs. This enables pay back of the funding two years earlier as shown by the graph below. This has a total financial benefit to the scheme of £1.3m as shown in the graph below.



Accounting Treatment

2.56 As part of this review 31ten has reviewed relevant accounting practice and had discussions with comparable Authorities who are engaged in loans to RPs in order to establish the appropriate accounting treatment for the Council.

2.57 The introduction of the prudential capital finance system on 1 April 2004 allowed local authorities to have relative freedom to make their own borrowing, investment and lending decisions, albeit governed by The Prudential Code for Capital Finance which aims to ensure that capital investment plans are affordable, prudent and sustainable.

2.58 The Council will be making a loan to the new RP as part of its Council's capital programme, as such the treatment of the loan as capital expenditure is set out in the SI 2003 No 3146[1] - regulation 25 1) b):

> *25.—(1) For the purposes of Chapter 1 of Part 1 the following expenditure of a local authority, incurred on or after 1st April 2004, shall be treated as being capital expenditure insofar as it is not capital expenditure by virtue of section 16(1) —*
>
> > *(b) subject to paragraph (2), the giving of a loan, grant or other financial assistance to any person, whether for use by that person or by a third party, towards expenditure which would, if incurred by the authority, be capital expenditure;*

2.59 The cumulative balance of the loans is then held as a *Long Term Debtor* in the Council's balance sheet that is repaid over time and therefore unwound.

2.60 The Council's Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy set out the Council's strategy and policies for the Council's capital and investment plans, including plans for borrowing and managing its investments. Should the Council decide to borrow the funds, it should consider the implication of this borrowing on its current Treasury Management Strategy. Any adjustment to this statutory policy will need to be formally agreed in line with the Council's governance structure.

2.61 The Council does not need to make an explicit statement in its Treasury Management Strategy regarding this use of borrowing. However, in the interests of transparency and to aid members understanding of the Strategy the Council may wish to include a note to accompany the indicators. This note should draw members' attention to the significant increase in the CFR, detailing that this increase relates to the loan to the new RP.

2.62 The Council's current MRP policy states

> *The Council will apply Option 2[3] in respect of supported capital expenditure and Option 3[4] in respect of unsupported capital expenditure.*

2.63 And also states

---

[1] Statutory Instrument 2003 No. 3146: The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003

[3] Option 2 – CFR Method
[4] Option 3 – Asset Life Method

The MRP Statement will be submitted to Council before the start of the 2015/16 financial year. If it is ever proposed to vary the terms of the original MRP statement during the year, a revised statement should be put to the Council at that time.

2.64 The treatment of the MRP in this circumstance would not fall under options 2 or 3 as the loan itself is the repayment vehicle, therefore, the statement would suggest that the change in policy should be presented to Council, however this is for the Council to decide.

2.65 This treatment is similar to other councils we have contacted and is in line with councils that have made loans to Registered Providers.

2.66 Officers should ensure that the business case for the injection of senior debt is developed with regard to The Annual Investment Strategy and is subject to the Council's internal governance process in order to be approved.

Other Considerations

2.67 Section 12 of the Local Government Act 2003 grants local authorities the power to invest for "any purpose relevant to its functions under any enactment or for the purposes of the prudent management of its financial affairs".

2.68 However, the Council will also want to ensure that it documents the approval to this option in such a way that it can either rely on s2 of the Local Government Act 2000 without contravening the LAML principle (that is that the lending to the new RP must be for the promotion or improvement of the economic social or environmental well-being of the borough and not just an exercise in financial engineering) and/or s12 of the Local Government Act 2003 where the Council has power to invest for the purposes of the prudent management of its financial affairs.

2.69 This issue will need to be addressed in the detailed work undertaken by the Council's legal advisors in developing the loan and security documentation to ensure the market position is achieved and to protect the state aid position if this option is chosen.

Impact on the Council

2.70 This study has examined the potential for the Council to provide a loan to the new RP for the development of new units that the Council would utilise for its affordable housing need. In order to judge the deliverability of this arrangement it is important to model the impact of the loan on the Council's accounts. This section therefore examines the cumulative impact of the potential loan, and all costs and revenues that will result from it, on the Council.

2.71 The key impacts to the Council revenue account are as follows:

- **Margin on the loan** – The Council will accrue a cost of capital to secure the funds to loan to the RP, but will loan to the RP at a premium above this borrowing rate. The difference between these 2 rates will form an income stream to the Council. If it is assumed the Council secure borrowing over 32 years, in line with the viability appraisal requirements, for a loan at 4.56% then it could borrow from PWLB at 3.32%[5]. This would therefore secure a margin on this borrowing to the Council of 1.24%. It should be noted that the PWLB rate varies with gilt rates daily and should be reviewed in advance of calculating the final loan rate.

[5] PWLB published rates at 12th December 2015

- **£2,000 per unit per annum** – The new RP has agreed to make a payment to the Council of £2,000 per unit per annum across the life of the scheme.
- **Arrangement fee@ 1% of loan** – The arrangement fee has been calculated at 1% of the loan value and is payable to the Council.
- **Capitalised Interest Period** – During the development period the loan arrangements being put in place enables the RP to capitalise the interest due on the loan and the commitment fee. As a consequence there are no live payments made to the Council throughout this period. Instead the interest payments capitalised form part of the new loan balance and are repaid over the life of the loan. As a result the Council will incur costs on the capital it has loaned to the RP (assumed to be 3.32% as per above) and will not receive any income over this period to offset this. The Council would consider this risk in line with its broader treasury management policy in order to mitigate these costs by utilising capital here appropriate.

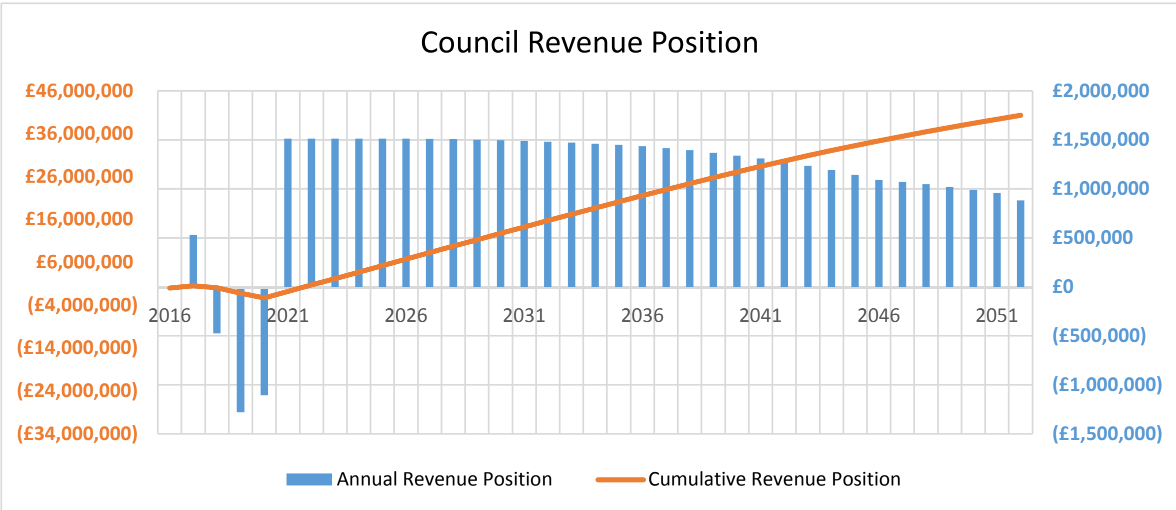
2.72 The table below shows the potential net income receivable over the life of the loan assuming the following loan arrangements:

- Council cost of funds - 3.32%;
- Loan to Open Door at 4.56%
- Interest only payments for the first 4 years;
- Loan repaid over 32 years.

2.73 The table shows the total net income receivable for each element and the Net Present Value (NPV) of these income streams.

Council Revenue		
Revenue Type	**NPV (6.09%)**	**Gross Amount**
Interest Margin	6,300,000	19,230,000
LBB £2k Payments	7,040,000	20,480,000
Arrang. Fee	570,000	

2.74 This demonstrates a total net income to the Council over the life of the project of £40.2m which has an NPV of £13.9m. The most significant impacts however are in the timing of these effects on the revenue account. This is demonstrated in the graph below.



2.75 The graph shows that the Council achieve significant rewards over the life of the project with income to the Income and Expenditure account of between £1.5m and £0.6m annually over the life of the project, excluding the development period. However, assuming the Council did borrow at 3.32% to fund the loan it would incur unmatched costs to the revenue account in years 2-4 of between £0.4m and £1.2m that it would need to fund.

Summary

2.76 This study has undertaken a review of the business case pulled together by Barnet Homes for the development of an initial tranche of 320 homes utilising funding provided by London Borough of Barnet.

2.77 This report proposes an appropriate loan rate of 4.56%, which can be repaid over 32 years, assuming approval is granted by the HCA for the creation of Barnet Homes, RP subsidiary, Open Door. However, the Council may want to allow Open Door some contingency to provide for variation in build costs or phasing.

2.78 The impact on the Council of making such a loan is significant. It realises substantial returns on the arrangement over the life of the loan, however, there are potential costs to the revenue account in the early years that need to be mitigated through its treasury management arrangements.

2.79 The Council need to develop robust legal documentation around this potential facility, including a loan agreement that clearly delineates the new RP from its parent body and the Council, to ensure clarity over where the liability is held for the borrowing, the level of parent company support and the appropriate covenants, step in rights and default provisions.

Appendix A – Benchmark Local Authorities

- London Borough of Bexley
- London Borough of Brent
- Broxbourne Borough Council
- Croydon Council
- London Borough of Ealing
- London Borough of Lewisham
- South Cambridgeshire District Council
- Warrington Borough Council

Appendix B – Financial Model Assumptions

Development Assumptions	
Build Cost (£/Sqm GIA)	£1,934
Dev. Allowances (% of Cost)	14%

Development Period Phasing	
Cash Flow Start Date	Apr-16
Construction Month Start (69 Units & 101 Units)	Apr-16
Construction Month End (69 Units & 101 Units)	Nov-18
Construction Month Start (150 Units)	Apr-16
Construction Month End (150 Units)	Nov-19

Rental Costs/Voids					
Management (£/Unit)	Maintenance (£/Unit Incl. VAT)	Other Costs (£/Unit)	Voids (% of Gross Rent)	Bad Debts (% of Gross Rent)	Letting/Other Fee (% of Gross Rent)
£295	£720	£2,000	2.0%	4.0%	0.0%

Company Management Costs	Amount
During Development Period	£1,550,000
Operational Period* (Per Annum)	£1,318,000

***Variable inflation at an average of 1.63% per annum**

Grants	Amount	Month
GLA Grant	£2,465,000	Oct-18

LHA Levels - Rental Value per week						
Location	Bedrooms					
	0	1	2	3	4	5
NW London	£87	£186	£242	£303	£374	£374

Inflation Levels - PH1. 69 Units						
Inflation Period	Management Cost	Maintenance Cost	Other Cost	Major Repairs / Rebuild	Rent	Property Value
Inflation level - Year 1	2.50%	2.50%	0.00%	Custom Schedule	-1.00%	4.00%
Inflation level - Year 2	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 3	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 4	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 5	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 6 to 10	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 11 to 20	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 21 to 30	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 31 +	2.50%	2.50%	0.00%		3.00%	4.00%

Inflation Levels - PH1. 101 Units						
Inflation Period	Management Cost	Maintenance Cost	Other Cost	Major Repairs / Rebuild	Rent	Property Value
Inflation level - Year 1	2.50%	2.50%	0.00%	Custom Schedule	-1.00%	4.00%
Inflation level - Year 2	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 3	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 4	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 5	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 6 to 10	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 11 to 20	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 21 to 30	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 31 +	2.50%	2.50%	0.00%		3.00%	4.00%

Inflation Levels - PH2. 150 Units						
Inflation Period	**Management Cost**	**Maintenance Cost**	**Other Cost**	**Major Repairs / Rebuild**	**Rent**	**Property Value**
Inflation level - Year 1	2.50%	2.50%	0.00%	Custom Schedule	3.00%	4.00%
Inflation level - Year 2	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 3	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 4	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 5	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 6 to 10	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 11 to 20	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 21 to 30	2.50%	2.50%	0.00%		3.00%	4.00%
Inflation level - Year 31 +	2.50%	2.50%	0.00%		3.00%	4.00%

Rental Adjustment	98.01%

Weeks Per Year (Rental Income Calculations Only)	52.2

Loan Inputs	
Arrangement Fee (% of Loan)	1.0%

This page is intentionally left blank

	**Council** **1 March 2016**
Title	**Establishment of a new wholly owned council housing company (WOC)**
Report of	Head of Governance
Wards	All
Status	Public
Enclosures	Annex 1 – Report to Policy and Resources Committee, 16 February 2016
Officer Contact Details	Andrew Charlwood, Head of Governance (Acting) andrew.charlwood@barnet.gov.uk 020 8359 2014

Summary

This report encloses the report that was considered by Policy and Resources Committee and sets out the recommendations the Committee made to Full Council.

Recommendations

That Council approve the creation of a wholly owned council housing company to develop and own homes, subject to the Policy and Resources Committee further agreeing the business plan in due course, prior to the WOC commencing trading.

1. WHY THIS REPORT IS NEEDED

1.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

2. REASONS FOR RECOMMENDATIONS

2.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

4. POST DECISION IMPLEMENTATION

4.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

5.3 Social Value

5.3.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

5.4 Legal and Constitutional References

5.4.1 Constitution, Responsibility for Functions – sets out the functions of Full Council including –

- approval of the strategic financing of the Council, upon recommendations of the Policy and Resources Committee
- all policy matters and new proposals relating to significant partnerships with external agencies and local authority companies.

5.5 Risk Management

5.5.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

5.6 Equalities and Diversity

5.6.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

5.7 Consultation and Engagement

5.7.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

5.8 Insight

5.8.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

6. BACKGROUND PAPERS

6.1.1 As set out in the report to Policy and Resources Committee, 16 February 2016.

This page is intentionally left blank

	Policy and Resources Committee **16 February 2016**
Title	Establishment of a new wholly owned council housing company (WOC)
Report of	Commissioning Director, Growth and Development
Wards	All
Status	Public
Urgent	No
Key	Yes
Enclosures	None
Officer Contact Details	Jo Williams, Interim Housing Adviser Email: jo.williams@barnet.gov.uk Tel: 020 8359 3165

Summary

This report sets outs the business case for a new wholly owned council housing company (WOC) to develop and own homes and requests Committee recommends its creation to Full Council, subject to Committee agreeing the business plan at a later date, prior to commencement of trading.

Recommendations

That the Committee endorse the business case for a new wholly owned council housing company to develop and own homes and recommend that Full Council approve the creation of the above, subject to Committee further agreeing the business plan in due course, prior to the WOC commencing trading.

1. WHY THIS REPORT IS NEEDED

1.1 There is a recognised need to increase the supply of housing in Barnet and across the UK as a whole. As a strategic housing authority, the Council must consider how best to meet future housing demand based upon the limited resources available. The Council's Housing Strategy has the overarching objective of providing housing choices that meet the needs and aspirations of Barnet residents and its first priority is to increase housing supply. The Strategy highlights that Barnet has the largest population of any London borough, with an estimated 393,000 residents and this number is expected to grow by 76,000 over the next 25 years – an increase of 19% per cent.

1.2 In July 2014, The Assets, Regeneration and Growth Committee (ARG) agreed that a development pipeline would be established, making use of council owned land, to enable the Council to benefit directly from any uplift in land values associated with developing sites, rather than simply seeking a capital receipt through disposal on the open market. A wide range of variables, coupled with a complex regulatory and funding regime, means that maximising the benefits for the Council is not straightforward. This led to the Council commissioning an appraisal of the options by The Chartered Institute of Housing and a review of how other councils were taking forward housing development in their boroughs.

1.3 The conclusion, after also seeking advice from specialist lawyers and tax advisers, that whilst the council has the legal powers to develop both homes for affordable rent and private sale, the creation of a new wholly owned council housing development company (WOC) is necessary to enable the Council to develop and own homes for private rent (PRS). Local Authorities have the power to create wholly owned companies for this purpose under the Localism Act 2011 and are required to do so for activity which is undertaken for commercial purposes, as is the case for the development and ownership of homes for PRS.

1.4 In addition, the creation of a housing WOC offers the Council with a separate legal entity that can be flexed to provide housing development in a variety of forms depending on the strategic direction of the council and legislative changes in to the future

2. REASONS FOR RECOMMENDATIONS

2.1 As a strategic housing authority the London Borough of Barnet must consider how best to meet future housing demand based upon the limited resources available. The Council's Housing Strategy has the overarching objective of providing housing choices that meet the needs and aspirations of Barnet residents and its first priority is increasing the housing supply. The Strategy highlights that Barnet has the largest population of any London borough with an estimated 393,000 residents: This is expected to grow by 76,000 over the next 25 years – an increase of 19% per cent.

2.2 The London Plan and Barnet's Local Plan recognise the pressing need for more homes in the capital. Managing housing growth and the provision of new homes is the first objective set out in Barnet's core strategy. The London Plan and the Core Strategy set challenging targets for the delivery of new housing, with the former having increased the minimum annual target for Barnet to 2,439 homes per annum.

2.3 The WOC would provide a delivery mechanism for developing new homes within Barnet to complement a range of other housing developments the Council is undertaking or proposing, both directly and through Barnet Homes and its Registered Provider, Open Door Homes. Whilst the main purpose of the WOC initially would be to develop and own homes for private rent, its remit could be extended in the future depending on the strategic direction of the Council and/or legislative changes

2.4 The WOC would be a limited company, with all shares owned by the Council. It would operate with a small Board of Directors, comprising existing council officers and possibly one or more non-executive directors to facilitate independent scrutiny. It would not employ staff directly; operational requirements would be met through a mix of contracted out resources and existing staff with their time charged to the WOC.

2.5 Directors of a company have a duty to act in the interests of the company, even if there is a conflict with the interests of the Council. However, in view of the WOC's rationale and proposed structure it is relatively unlikely that conflicts would arise. As the sole shareholder the Council would be able to protect its interests by adding to or changing Directors as it sees fit.

2.6 The WOC would have its own Articles of Association. These are documents which effectively set out its internal rules. Whilst there are standard rules which could be adopted, it is open to the Council to adapt these for its own circumstances.

2.7 It is envisaged that the WOC would procure the majority of its services through the Council and The Barnet Group to take advantage of *Teckal*. *Teckal* (a European legal case now codified in Regulation 12 of the Public Contracts Regulations 2015) allows a public authority to procure direct from an external company in which it has control, similar to that which it exerts over its own departments, so that the requirement for open advertisement and tendering for public contracts, in accordance with regulations, does not apply. This would provide the Council with a slim, flexible and low cost structure.

2.8 Before the WOC commenced trading a business plan, which demonstrated its financial viability and the way in which it would deliver the Council's strategic objectives, would need to be developed and adopted by the Board. The business plan would also need to cover its development and operational activities and resources, as well as its funding arrangements.

2.9 Creating a housing WOC would:

- Increase the supply of homes in Barnet and meet wider housing demand
- Increase investment in regeneration
- Create realisable capital assets for the Council
- Enable the Council to control the housing mix through the planning process and design standards
- Enable the Council to retain full control of the development and construction process, including the marketing
- Generate long term revenue for the Council

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 Whilst there is a recognised need to increase the supply of housing in Barnet – and across the UK as a whole, the Council could adopt a 'do nothing' approach. However, this would not assist the Council to meet its Core Strategy housing objectives or support the delivery of the London Plan. It would also mean LBB would miss the opportunity to generate revenue and create assets; objectives which are becoming increasingly important with the year on year decrease in financial settlement from central Government.

4. POST DECISION IMPLEMENTATION

4.1 The WOC will be created as a new Council owned legal entity and Council officers will work with specialist advisers in designing the best legal and operational structure for the company to minimise tax implications and maximise financial benefits, undertake financial modelling and prepare the business plan.

4.2 It is important to ensure that the WOC is established based on a sound business case. As a Local Housing Authority, has both a duty to consider housing conditions and the needs in their area, with respect to the provision of housing accommodation and has the power to provide housing accommodation (sections 8 and 9 respectively of the Housing Act 1985).

4.3 A potential site has already been identified for the first development of PRS homes – Watling car park, with the capacity for 250/300 new homes. A detailed feasibility assessment of the site is underway, noting that initial advice from the estates team is that the site has some drainage issues so may be more costly to develop. Work is also on-going to determine further site options.

4.4 A project plan is under development and it is envisaged that the first PRS site could start to be built from October 2017, assuming the Watling car park or an alternative site proves suitable.

4.5 Prior to commencement of trading the detailed business plan will be submitted to Policy and Resources Committee for approval.

5. IMPLICATIONS OF DECISION

5.1 **Corporate Priorities and Performance**

5.2 The Council's Corporate Plan 2015-20 states that the Council, working with local, regional and national partners, will strive to ensure that Barnet is a place:

- Of opportunity, where people can further their quality of life
- Where people are helped to help themselves, recognising that prevention is better than cure
- Where responsibility is shared, fairly
- Where services are delivered efficiently to get value for money for the taxpayer

5.3 London Plan and Barnet's Local Plan recognise the need for more homes in the capital. Managing housing growth and the provision of new homes is the first objective set out in Barnet's Core Strategy. The London Plan and Core Strategy set challenging targets for the delivery of new housing, with the former having increased the minimum annual target for Barnet to 2,439 homes per annum.

5.4 The highest priority of the Council's Housing Strategy is increasing the supply of housing with the population of Barnet forecast to increase by 19% over the next 25 years.

5.5 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.5.1 The start-up budget for the WOC is envisaged to be in the region of £315,000, to be funded from reserves. These costs will be capitalised against the WOC, where possible. Policy and Resources Committee at its meeting of 16th December 2015 approved the procurement activity to support the Development Pipeline, including the establishment of a housing WOC.

5.5.2 A comprehensive business plan will be developed to include financial modelling and assumptions; land and development assumptions; rental income projections; cash flow; fees, costs and tax, funding profile, sensitivity analysis and resources. Specialist external advisers will be appointed to assist with this process. The business plan will need to be able to show that the WOC is financially viable and self-sustaining, whilst simultaneously offering demonstrable benefits to the Council.

5.5.3 Right to Buy (RTB) does not apply to homes developed through the WOC, as a distinct legal entity from the Council. A WOC for this purpose could be viewed as a means of avoiding the borrowing cap, but this is unlikely where it is only developing private housing. Government has made clear that it will not sanction any proposals for organisations set up to avoid the RTB being available to tenants of affordable housing (but this is not anticipated here).

5.5.4 The precise funding arrangements adopted for the WOC will result from an assessment of the alternative funding streams, such as borrowing arrangements and equity investment by the Council, having due regard to the Council’s overall funding and treasury management strategy and relevant regulations. The assumption is that, initially, the WOC would, primarily, be funded through a loan and equity investment by the Council, itself utilising PWLB finance. Debt funding would be secured through a debenture (effectively a comprehensive legal charge over the WOC and its assets). Further security would exist through the Council's ability as shareholder to control the WOC and the appointment/removal of directors.

5.5.5 In funding the WOC the council must take account of and comply with State Aid Rules. This means funding must be on market terms and comply with HMRC requirements in relation to tax treatment. The Council would charge a premium on all loans approved to the WOC, (providing an income stream to the Council) in excess of PWLB rates. All lending would be subject to a loan agreement and would include pre-conditions on draw down, as well as on-going performance measurement.

5.5.6 It is anticipated that the WOC would purchase its land for development from the Council. The transfer of land from the Council to the WOC could not be at less than its independent valuation and must comply with best consideration requirements. Payment of the land price to the Council could, however, be deferred to assist with cash flow for the WOC, subject to the state aid rules mentioned. The supply of services should also be at market rates.

5.5.7 The timing of the transfer of land from the Council to the WOC would be determined by the most tax efficient process. Transfer of property between different entities can give rise to a liability to pay Stamp Duty Land Tax (SDLT). However, there is relief from this liability where the WOC is a wholly owned subsidiary of the Council. Formation of a limited company under the Council’s ownership should allow the Council to take advantage of this relief.

5.5.8 Homes built for market rent could be retained directly by the WOC. Alternatively, there may be tax advantages in the WOC selling the property freeholds or leasing, on a long term basis, to a separate rental trading company as a subsidiary of the WOC or as part of The Barnet Group. This will provide an income stream to fund the repayment of loan/s and long term revenue income to the Council.

5.5.9 The WOC would be subject to corporation tax on the profits of its activities. The financial modelling for the business plan would seek to minimise any tax incurred by the WOC and the full business case will contain a detailed tax analysis.

5.5.10 The Council and the WOC would be able to rely upon the *Teckal* exemption to procure services and works between the parties without the need for OJEU procurement. However, the WOC would, potentially, be a contracting authority when procuring works and services from third parties, (meaning it would be subject to the Public Contract Regulations 2015). In practical terms it is anticipated that the WOC would appoint the Council as its development agent for each site.

5.5.11 If, in the future, the WOC wished to take advantage of private finance to support development, this would substantially change the nature of the relationship with the Council and the tax and VAT regime that would apply.

5.6 **Social Value**

5.6.1 The establishment of the WOC will increase investment in regeneration in Barnet and the supply of homes to meet housing need.

5.7 **Legal and Constitutional References**

5.7.1 The Council has the powers to form a WOC under Section 1 of the Localism Act 2011.

5.7.2 Policy and Resources Committee will need to approve the business plan for the WOC prior to commencement of trading. The Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009 states that before exercising the power (to trade) the authority shall:

- (a) Prepare a business case in support of the proposed exercise of that power
- (b) Approve that business case

5.7.3 Legal implications arising in relation to State Aid, the duty to obtain best consideration for land transfers, the so called *Teckal* exemption, which exempts contracts between the Council and the WOC from following a regulated competitive procurement process, are all covered earlier in this report.

5.7.4 The Council's Constitution - Appendix A - Responsibilities for Functions, details the responsibilities for the Policy and Resources Committee including to be:

- The principle means by which advice on strategic policy and plans is given and co-ordinated and to recommend to full council as necessary on strategic issues
- Responsible for the overall strategic direction of the Council

5.8 **Risk Management**

5.8.1 The table identifies the key risks associated with the proposed housing WOC. These risks only emerge once the WOC commences trading. Up until this point the only risk associated with creating the WOC is the cost of development and set up.

Risk	Mitigation
Failure of WOC	A slim, low cost structure is proposed, which the Council would control; the WOC could be wound up relatively easily if necessary
Suitable land sites cannot be identified and / or planning approval is not granted	An initial site has been identified and is currently being assessed. Work is underway to look at other options
Creating an appropriate delivery vehicle to minimise tax implications	Expert tax and legal advice is being harnessed to minimise this risk
Perception and reputation	LBB's role as private house builder will need to be considered in the context of ensuring the correct branding vehicle and marketing strategy is adopted
WOC's business plan is not viable	Extensive financial modelling will be undertaken with the support of a market expert to ensure that the business plan is viable and robust prior to the WOC beginning to trade
Homes prove difficult to rent and impact on the financial projections/profitability	Thorough market research will be undertaken to inform the financial projections and external expertise will be commissioned to support the development of a robust marketing plan
Government intervention	The creation of housing development vehicles is still a relatively new concept and there are different views and opinions about the legal options – none of which have been challenged. Therefore, there is no legal precedent. Where local authorities are seeking to innovate there is always an element of risk through legal challenge and/or Government intervention in the future.

5.9 **Equalities and Diversity**

5.9.1 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
- advance equality of opportunity between people from different groups
- foster good relations between people from different groups

5.5.2 The Council has taken account of its Equalities Policy and paid due regard to equalities as required by the legislation issues in relation to the WOC. The proposals in this report anticipate a positive impact for residents and do not raise any negative equalities issues because the creation of a housing WOC will:

- Underline the Council's aim that all residents from our diverse communities – the young, old, disabled people and those on low incomes – benefit from the opportunities of growth.

- Contribute to Barnet's commitment to fairness - to be mindful of the concept of fairness and in particular, of disadvantaged communities - which was adopted at Policy and Resources Committee in June 2014.

- Form part of Barnet's Housing Strategy 2015-2025 which includes the objective to deliver homes that people can afford.

5.5.3 Equality and diversity issues will also need to be considered as part of the development and design and the WOC would undertake Equality Impact Assessments on a scheme by scheme basis.

5.10 **Consultation and Engagement**

5.10.1 Consultation would be undertaken on an individual scheme basis. This would include, but not be limited to, statutory consultation undertaken as part of the planning process. Each development project would be expected to produce a consultation and engagement plan that would be used to demonstrate how the Council has consulted with its citizens at various stages of the project life cycle. A library of evidence for the findings would be kept by the project team. The consultation findings would be published with the relevant council papers.

6. BACKGROUND PAPERS

6.1 Assets Regeneration and Growth Committee, 9 July 2014, Strategic Asset Management Plan
http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7960&Ver=4 .

6.2 Assets Regeneration and Growth Committee, 8th September 2014, Strategic Asset Management Plan
https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7885&Ver=4

6.3 Assets Regeneration and Growth Committee, 8 September 2014, Barnet Development Pipeline
https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7885&Ver=4

6.4 Assets Regeneration and Growth Committee, 16th March 2015, Barnet Development Pipeline – Tranche 1
https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7887&Ver=4

6.5 Assets Regeneration and Growth Committee, 1st June 2015, Barnet Development Pipeline
https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=8309&Ver=4

6.6 Assets Regeneration and Growth Committee, 7th September 2015, Barnet Development Pipeline, Tranche 1 – Moxon Street
https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=8310&Ver=4

6.7 Council, 20 October 2015, Report of Housing Committee – Housing Strategy and Commissioning Plan
https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8340&Ver=4

6.8 Policy and Resources Committee, 16th December 2015, Procurement activity to support the Development Pipeline including the establishment of a Council Wholly Owned Property / Housing Company (WOC)
http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8349&Ver=4

Council
1 March 2016

Title	**Report of the Assets Regeneration and Growth Committee - Brent Cross Cricklewood**
Report of	Commissioning Director, Growth & Development
Wards	Childs Hill, Golders Green and West Hendon
Status	Public (with separate exempt report) Exempt Annex B to Appendix 1 - Not for publication by virtue of paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 as amended (as this relates to the financial affairs of the authority and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings)
Urgent	No
Key	Yes
Enclosures	Appendix 1 - Report of Assets Regeneration and Growth Committee, 30 November 2015, and relevant appendices: • Annex A - Appendix 3 to Assets Regeneration and Growth Report, • Annex B - Exempt Report of Assets Regeneration and Growth Committee Appendix 2 - Schedule of Shadow Shareholder Board decisions as required by the Brent Cross South legal documentation.
Officer Contact Details	Karen Mercer, Programme Director Re, Karen.Mercer@barnet.gov.uk, 0208 359 7563

Summary

This report seeks the Council's approval to terms of reference and membership of the Council Shareholder Board in respect of the Brent Cross South Joint Venture Limited Partnership as requested by the Assets, Regeneration and Growth Committee on 30 November 2015.

Recommendations

That the Council

1. **Note the report of Assets, Regeneration and Growth Committee on 30 November 2015 as attached at Appendix 1 which approved the Joint Venture Structure and authorised the establishment of a Shadow Shareholder Board for the Brent Cross South Joint Venture, and that its terms of reference and membership to be drawn up for Council approval**

2. **Note the Brent Cross South Joint Venture Structure at Appendix 3 attached to the report of the Assets, Regeneration and Growth Committee on 30 November approved by the Committee on 30 November 2015.**

3. **Agree the terms of reference for the Shadow Shareholder Board for the Brent South Joint Venture as outlined in paragraph 2.15**

4. **Agree that the composition and Membership of the Shadow Shareholder Board be agreed, as per paragraphs 2.13 and 2.14**

5. **Note the decisions outlined in Appendix 2 which will be required by the Shadow Shareholder Board as detailed in the Project Agreement and Shareholder and associated documentation necessary to form the Brent Cross South Joint Venture.**

6. **Note that the Project Agreement, Shareholder Agreement and associated documentation will be reported to Assets, Regeneration and Growth Committee on 17 March 2017 for approval. That report will recommend that the Chief Executive be authorised in consultation with the Leader to finalise the documentation.**

1. WHY THIS REPORT IS NEEDED

1.1 On 30 November 2015, the Assets, Regeneration and Growth Committee approved the Brent Cross South Joint Venture Structure to inform the Project Agreement and documentation necessary to form the Brent Cross South Joint Venture. This Structure will require that (i) certain key decisions will be taken by Shareholders in the Joint Venture and (ii) that a Joint Venture Board is established to make the day to day decisions within the parameters set by the legal documentation (including the agreed form of Business Plan and Financial Model) governing the joint venture.

1.2 The Committee also noted the establishment of the Shadow Shareholder Board and gave approval for the terms of reference for the Shadow Shareholder Board for the Brent Cross South Joint Venture to be drawn up including a process for appointing Members to the Shadow Shareholder Board for agreement at the next practicable meeting of the Council.

1.3 This report provides the terms of reference and process of appointing the Shadow Shareholder Board for the Brent Cross South project for agreement by the Council to enable the Shadow Shareholder Board to be established prior to the formal creation of the joint venture. In this regard, the Project Agreement and Shareholders Agreement and associated documentation necessary to form the Brent Cross South joint venture will be considered by the Assets, Regeneration and Growth Committee on 17 March 2016.

2. UPDATE

2.1 In relation to the Brent Cross South scheme, the Council is in final discussions with Argent and Related Companies (Argent Related), following the Council's approval on 3 March 2015 to appoint Argent Related as the preferred joint venture partner for the Brent Cross Cricklewood South Scheme.

2.2 The Council and Argent Related are now jointly finalising the business plan alongside progressing the project agreement and the corporate documentation required to govern formation of the new Joint Venture entity (JVLP). This will be reported to the Assets, Regeneration and Growth Committee on 17 March 2016 for approval, following which, the project documentation would be entered into and the JVLP formally created.

2.3 A Shadow Joint Venture General Partner Board (JVGP)) comprising Senior Officers from the Council and Argent Related, (who will be appointed formally as directors of the General Partner) has been established to take the necessary decisions to drive the project forward and form the emerging Business Plan, which will be considered by the Committee.

2.4 The Business Plan will detail the first phase which will include a mix of uses, including affordable housing, market housing as well as potentially other products such as build to rent housing; and will set out the delivery programme for that phase. The JVLP anticipates submitting planning and reserved matters applications for the components of the first phase (e.g. enabling infrastructure) in late 2016 with further reserved matters to follow shortly after in line with the delivery programme.

2.5 This would facilitate starting on site by the end of 2017, with the potential for the first buildings to be occupied in Winter 2019/20 in line with the Council's objectives set out in the tender documentation.

Structure of the JVLP

2.6 In respect of the structure of the JVLP, the Assets, Regeneration and Growth Committee on 3 March 2015 authorised the Commissioning Director, Growth and Development to determine the exact structure of the joint venture arrangement. Following discussions with the JV Partners, the Commissioning Director, Growth and Development and advisors together with Argent Related concluded that a limited partnership would best serve the purposes of the joint venture. On 30 November 2016, the Assets, Regeneration and Growth Committee approved the proposed Joint Venture Limited Partnership structure as detailed at Appendix 1, and the project legal documentation is being progressed on that basis. The Council's legal advisors, Gowling Wragge Lawrence Graham LLP (WLG), have advised that the limited partnership structure can be used as an effective means by which to form the joint venture.

2.7 The Council will participate in the Limited Partnership in two ways:

- First, through being an equal 50:50 shareholder in what is known as the General Partner (JVGP) - this is the corporate entity appointed by the partnership to conduct the day to day business of the partnership. The JVGP is a 'limited company' in which the Council has a 50% shareholding. The financial returns and investment will largely flow through to the Limited Partners in the Limited Partnership.

- Secondly the Council will participate as an equal 50:50 limited partner in the limited partnership and this is where the Council's entitlement to participate in surpluses from the project, will arise through its membership of the partnership.

2.8 For vires reasons, the Council is advised that it should establish a wholly owned subsidiary (referred to hereafter as LBBCo) which will hold the 50% limited partner interest in the JVLP. LBBCo will receive the Council's share of surpluses, on which it will pay Corporation Tax. It should be noted that the Corporation Tax liability of LBBCo will be no greater than the Council's "share" of Corporation Tax liability had the Joint Venture been established as a company limited by shares. LBBCo will have no real role in the project other than to receive the surplus as and when it arises. It is not permitted to be involved in the day-to-day decisions of the JVLP – the decisions are for the General Partner to make and the Council has influence here through its shareholding in JVGP.

2.9 The General Partner will take day to day decisions to implement the JVLP's approved Business Plan, and must act in the interests of the JVLP. Council representation on the JVGP Board is made up of senior officers with authority delegated to the Chief Executive Officer to revise membership from time to time. Prior to completion of the legal documentation and formal establishment of the JVLP a Shadow JVGP Board has been established that comprises the Commissioning Director, Growth & Development, the Director of Resources and the Director of Place (Re).

2.10 Some decisions, most notably amendments to the Business Plan, are proposed to be reserved to the shareholders. The shareholders can act in the interests of the Council, which may not in every case be the same as the interests of JVGP and limited partnership. The Council (as shareholder) will be authorised to take decisions on behalf of the Council.

2.11 The Assets, Regeneration and Growth Committee approved that the Shadow Shareholder Board be different persons to the board of LBBCo when LBBCo is established. The board of LBBCo will have very few decisions to take and it is recommended that the board of LBBCo is independent of those involved in the key decisions affecting the JV.

2.12 The Committee also authorised officers to draw up the terms of reference of the Shareholder Shadow Board, which should include the process for appointing Members, for agreement by the Council.

2.13 The Council is asked to agree that this board should comprise five nominated Members, reflecting the political balance of the Council.

2.14 It is recommended this should include the Leader of the Council, Chairman of Assets, Regeneration and Growth Committee, Chairman of Housing Committee, Leader of the Opposition and the Shadow Lead Opposition Member of the Assets, Regeneration and Growth Committee.

2.15 Specifically the Board's terms of reference will include:

- Overseeing the Brent Cross Cricklewood major regeneration scheme. This will include making decisions as required by the Shareholder Agreement and Project Agreement as set out in the draft schedule attached at appendix 2. This schedule will be submitted to the Assets, Regeneration and Growth Committee on 17 March 2016 with the recommendation that the Chief Executive in consultation with the Leader finalise the schedule once the legal documentation is in its final form.

- Resolving deadlock on issues that cannot be resolved by the board of JVGP and are referred to the Shareholders for resolution

- Asset Management – matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council within the Brent Cross Cricklewood regeneration area when required by the legal agreements.

- To approve any non-statutory plan or strategy relating to the Brent Cross Cricklewood regeneration area within the remit of the Assets, Regeneration and Growth Committee that is not reserved to Full Council or Policy and Resources.

- To make recommendations to Policy and Resources Committee on issues relating to the budget and capital receipts in respect of the Brent Cross South project.

- To provide quarterly reports to the Assets, Regeneration and Growth Committee, which will include decisions made, for noting.

2.16 The Shadow Shareholder Board will meet monthly to monitor and review progress project, and to consider and make decisions as required by the Council in its capacity as shareholder as required by the Shareholder and Project Agreement and within the Terms of Reference as set out in paragraph 2.15 above.

2.17 The Shadow Shareholder Board will provide quarterly reports to the Assets, Regeneration and Growth Committee, which will include detail decisions made for noting.

2.18 The Council is therefore asked to agree the Terms of Reference and process for selecting members of the Shadow Shareholder Board, so that it can be set up prior to formal creation of the JVLP.

3. REASONS FOR RECOMMENDATIONS

3.1 To ensure that the Council is appropriately resourced and represented as shareholder in the Brent Cross South joint venture limited partnership; and ensure that any required decisions by the Council as shareholder are expedited to maintain momentum on delivery of the regeneration of the Brent Cross Cricklewood area.

3.2 The comprehensive regeneration of Brent Cross Cricklewood is a long-standing objective of the Council and a key regeneration priority of the Mayor of London. At 151 Ha, it is one of the largest regeneration schemes in Europe. The London Plan identifies it as an Opportunity Area with an indicative employment capacity target of 20,000 jobs and a minimum new homes target of 10,000 homes. The Council's Core Strategy reinforces the significant comprehensive regeneration opportunity, which includes a new town centre, major new and improved transport and community facilities, and other infrastructure and public areas.

3.3 The development of this strategic gateway site will create a new town centre and residential quarter, uniting the areas north and south of the A406 North Circular, providing an attractive and vibrant place to live and work. It will contribute to the future prosperity of the Borough. The development to the north of the North Circular alone is expected to create 3,000 construction jobs and an additional 4,000 permanent jobs over the next five to seven years. It will provide around 91,500 sqm (net) of additional retail and commercial floorspace.

3.4 Brent Cross Cricklewood is a key element of the Council's regeneration and housing programme and will provide over 7,540 new homes over the next 20 years, including affordable homes and replacement homes for the Whitefield Estate. The scheme will also provide new and improved educational and health facilities for the community, and improved open space and recreational facilities for the community to enjoy and use.

3.5 The regeneration of Brent Cross Cricklewood will be a major component of achieving the Council's priority objectives in its Corporate Plan 2013-2016, including to 'maintain the right environment for a strong diverse local economy', with the strategic objective under this priority being to sustain Barnet by 'promoting growth, development and success across the borough'.

4. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

4.1 There are no alternative options.

4.2 If the Council does not agree to the Terms of Reference or process for membership, this will prevent or delay the creation of the Shadow Shareholder Board and ultimately of the JVLP. This will result in the Council not being properly represented as Shareholder on day to day basis, thereby limiting the Council's input into the emerging business plan and delivery programme. Decisions will continue to be made by the Assets, Regeneration and Growth Committee on a quarterly basis. Given the infrequency of meetings of the Assets, Regeneration and Growth Committee, this could cause unnecessary delay to the project, thereby frustrating delivery.

5. POST DECISION IMPLEMENTATION

5.1 The Shadow **LLBCo** Shareholder Board, will be created to provide input into the emerging business plan and, once formally created will make decisions as required.

6. IMPLICATIONS OF DECISION

6.1 Corporate Priorities and Performance

6.1.1 The regeneration of Brent Cross Cricklewood supports the Council's Corporate Plan 2015-20 which states that the Council will work with local, regional and national partners to strive to ensure that Barnet is a place:

- of opportunity, where people can further their quality of life
- where people are helped to help themselves, recognising that prevention is better than cure
- where responsibility is shared, fairly
- where services are delivered efficiently to get value for money for the taxpayer.

6.1.2 The scheme to transform Brent Cross Cricklewood will play a major role in delivering future prosperity, doubling the size of the shopping centre and linking seamlessly to a new town centre for Barnet and North London across the North Circular Road. Brent Cross Cricklewood is one of Barnet's priority regeneration areas, and will provide approximately 7,500 new homes over the next 20 years. It is a key part of the wider revitalisation of the A5 corridor, linking Brent Cross Cricklewood with developments at West Hendon, Colindale and Edgware and improvements to Cricklewood Town Centre, to create a series of high quality modern suburbs.

6.1.3 The first phase of the Brent Cross Cricklewood project includes the redevelopment of the shopping centre, creation of major new infrastructure, improved links to the existing tube station, and delivery of around 2,461 new homes over the next 8-10 years. This will create an estimated 3,000 construction jobs, and 4,000 permanent jobs. The Thameslink Station is important to the success of the regeneration scheme in both place-making as well as viability terms. However, at present the scheme does not benefit from the delivery of the station until the later phases. Bringing the station forward in the delivery programme will increase the attractiveness of Brent Cross Cricklewood area as a place to live, shop and work and thereby improve the viability of Brent Cross Cricklewood South and will also increase the pace of delivery of new homes.

6.2 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

6.2.1 Costs relating to the Council's participation within the limited partnership will be detailed in the legal documentation and will be reported to the Assets, Regeneration and Growth Committee on 17 Match 2016.

6.3 **Social Value**

6.3.1 As indicated in sections within this report, the Brent Cross Cricklewood programme will secure wider social, economic and environmental benefits.

6.4 **Legal and Constitutional References**

6.4.1 The Council has a general power of competence under Section 1 of Chapter 1 of the Localism Act 2011 and this empowers the Council to enter into joint venture arrangements for the development of the south side of the Brent Cross Cricklewood regeneration scheme. Section 1 of the Localism Act 2011 provides local authorities with a broad power to do anything that individuals can do subject to any specific restrictions contained in legislation.

6.4.2 The Council has the power to acquire and dispose of land in accordance with Sections 120 to 123(2A) of the Local Government Act 1972, and subject to obtaining all appropriate consents and approvals. On any disposal of property the Council is required to have regard to the requirements of s123(2) of the LGA 1972 to ensure that any disposal is not at less than the best price that can reasonably be obtained. Where land has been appropriated for planning purposes, any disposal of land appropriated for such purposes is effected in reliance on section 233 Town and Country Planning Act 1990. Any land held for the purposes of part 2 of the Housing Act 1985 can be disposed of under section 32 of that Act either in reliance on a general or express consent of the consent of the Secretary of State.

6.4.3 Council Constitution - Management of Asset, Property and Land Rules provide the governance structure within which the Council may acquire, lease, act as landlord, licence, develop appropriate change of use of, or dispose of assets within its Asset portfolio.

6.4.4 The procurement of a partner and other advisers for the south side of the scheme will be carried out in accordance with the relevant European Union procurement regulations and public sector procurement principles. Negotiations with Argent/Related are continuing and the Council is within the final procurement phase of the project.

6.4.5 The Public Services (Social Value) Act 2012 requires the Council to consider whether it can achieve an improvement to the economic, social and environmental well-being of an area as part of the procurement of these services. If so, the social value objectives identified must be written into the procurement process. All of this must be achieved with regard to value for money and in a way that is compliant with existing public procurement law. “Social value” objectives can include the creation of employment, apprenticeship and training opportunities for local people, trading opportunities for local businesses and the third sector; and the promotion of equality and diversity through contract delivery.

6.4.6 Section 111 of the Local Government Act 1972 provides that a local authority has power to do anything which is calculated to facilitate, or is conducive or is incidental to, the discharge of its functions.

6.4.7 Council Constitution, Responsibility for Functions states inter alia that only the full Council will exercise the following functions – All policy matters and new proposals relating to significant partnerships with external agencies and local authority companies.

6.4.8 The public sector equality duty referred to in Section 5 also required consultation to ensure the Council complies with its duties under the Equality Act 2010.

6.5 **Risk Management**

6.5.1 The Council may wish to understand if there is any risk on its ability to influence the project as a result of establishing LBBCo (as a corporate intermediary allowing it to participate as a limited partner in the LP structure). LBBCo will be the entity through which the Council participates in the ‘investment element’ of the LP. However in order to maintain their limited liability status, the limited partners have almost no involvement in decision making of the Limited Partnership itself. Those decisions are made by the GP (a company limited by shares) which must act in the interests of the partnership as a whole. The Council will be a ‘direct’ 50% shareholder in the GP. Any decisions that cannot be agreed upon by the board of the GP can be referred to its shareholders who are not constrained by directors’ duties. In this way, the Council will effectively maintain equivalent control over project delivery as it would do were the JV to have been a company limited by shares.

6.6 Equalities and Diversity

6.6.1 The 2010 Equality Act which outlines the provisions of the Public Sector Equality Duty (PSED), requires all Local Authorities to pay due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010;
- Advance equality of opportunity between people from different groups;
- Foster good relations between people from different groups;

6.6.2 This places a legal obligation on the Council to pay due regard to equalities in an appropriate and proportionate manner and to take account of how the Council's decisions might impact on different groups across the borough including those identified in equality legislation as protected characteristics, namely: Age, disability, gender, gender reassignment, marriage, civil partnership, pregnancy and maternity, sexual orientation and religion or belief.

6.6.3 Equality and diversity issues are a mandatory consideration in the decision-making of the Council. This requires elected Members to satisfy themselves that equality considerations are integrated into day to day business and that all proposals put to committees have properly taken into consideration what impact, if any, there is on any protected group and what mitigating factors can be put in train.

6.6.4 The Development Proposals support achievement of the council's Strategic Equalities Objective which sets out our commitment that citizens will be treated equally, with understanding and respect; have equal opportunities with other citizens and receive quality services provided to Best Value principles. The development proposals will reflect the council's aim that all residents are able to share in the benefits and take advantage of the opportunities of economic growth.in the borough.

6.6.5 The council intends that the development proposals will have a positive impact on all groups identified in the 2010 Equality Act and other vulnerable groups in the borough because it is designed to share the benefits of growth with all Barnet citizens and promote inclusion and community engagement and participation

6.6.6 The council is committed to improving the quality of life for all and wider participation in the economic, educational, cultural, social and community life in the Borough.

6.6.7 The development proposals for the Brent Cross Cricklewood scheme will make a significant contribution to the provision of additional, high quality affordable housing units in the Borough as well as providing employment through the creation of a new town centre with leisure, health and educational facilities. The delivery of the Thameslink Station will enhance public transport provision and improve accessibility and provide greater choice for all. It should be emphasised that a fully integrated and accessible town centre will be created as part of these proposals.

6.6.8 An Equalities Impact analysis was carried out in respect of the Outline Planning Application granted in 2010, which took fully into account the demographic makeup of the regeneration area and addressed the impact on the protected characteristics. This anticipated a significant positive impact from the regeneration proposals. This will be updated to assist the council in meeting the requirements of the Public Sector Equalities Duty.

6.6.9 The projected increase in the borough's population and changes in the demographic profile will be key factors in reflecting the aspirations and contributions of current residents.

6.6.10 The Census data of 2011 (as updated by the GLA population projections 2014) shows how Barnet is growing and changing. There has been a significant increase in the diversity of growth in the borough population and growth in older and younger generations has been particularly rapid. The over 65 population is forecast to grow by 10.4% in the next 5 years and 24% in the next decade.

6.6.11 Barnet is a racially diverse and multi faith borough and proud of community cohesion. Over a third of Barnet's citizens come from a rich diversity of black and minority ethnic groups. Christianity remains the biggest religious group (41.2%) and Barnet is home to the UK's largest Jewish community. Other significant groups are no religion (16.0%), Muslim (10.3%) and Hindu communities (6.2%).

6.6.12 Our reputation for excellent schools and green spaces makes us a popular destination for young families. These demographic changes present challenges both in the demand for services and the way we commission, deliver and continuously improve our services.

6.6.13 Barnet is a relatively affluent borough with significant pockets of deprivation and we have been successful in attracting regeneration funding to those areas in 7 major regeneration schemes. Our growth and economic strategies will reflect the importance that everyone benefits from regeneration and growth, job creation, reinvigorating communities and improved quality of life. This includes the protected characteristics outlined in the 2010 Equality Act as well as citizens and other groups in Barnet who can experience disadvantage, for example carers, lone parents and low income families, people with particular disabilities including mental health and learning difficulties, unemployed people.

6.6.14 Brent Cross Cricklewood is an opportunity to extend Barnet's success as a desirable and attractive suburb, by creating a new urban village for London which sets the tone for future evolution of the borough more widely and emphasises the need to create a place that makes residents, workers and visitors feel good – inviting people to meet and spend time in the spaces, and to walk or cycle.

6.6.15 Importantly, the requirements highlight that Brent Cross Cricklewood will be place for people of all ages, with housing mix that reflects different life stages, a range of housing tenures, and public spaces which are accessible to all. It emphasises that promoting health and wellbeing and reducing dependency will be ingrained in the place.

6.7 Consultation and Engagement

6.7.1 Extensive consultation has and will continue to be undertaken with key stakeholders and the community to ensure that the Brent Cross Cricklewood scheme reflects local needs including the needs of those with protected characteristics, as well as securing the future of North London's only regional shopping centre.

6.7.2 There has also been consultation and engagement with local stakeholders and the community during the planning process and the CPO process is designed to allow parties an opportunity to make representations and, if desired, attend a public inquiry and state their cases.

7 BACKGROUND PAPERS

7.7 Cabinet, 26 April 2004 (Decision Item 8) – approved the adoption of the Cricklewood, Brent Cross and West Hendon Development Framework as Supplementary Planning Guidance.

7.8 Cabinet, 29 March 2005 (Decision Item 6) – agreed to enter into a Collaboration Agreement with the development partnership (Cricklewood Regeneration Limited, Hammerson and Standard Life). http://barnet.moderngov.co.uk/CeListDocuments.aspx?CommitteeId=120&MeetingId=265&DF=29%2f03%2f2005&Ver=2

7.8.1 Cabinet, 5 December 2005 (Decision Item 7) – approved, amongst other matters, that 1) the Eastern Lands Addendum be adopted as Supplementary Planning Guidance; and 2) the Eastern Lands Supplementary Guidance is incorporated into the Cricklewood, Brent Cross and West Hendon Development Framework. http://barnet.moderngov.co.uk/CeListDocuments.aspx?CommitteeId=120&MeetingId=272&DF=05%2f12%2f2005&Ver=2

7.9 Cabinet Resources Committee, 25 March 2008 (Decision Item 16) – approved the outline terms so far agreed with the Brent Cross North Partners and Cricklewood Redevelopment Limited, including the proposals for the finalisation of the financial terms, be approved in principle subject to the outcome of Counsel's advice on procurement issues, and that the finally agreed terms for the Development Framework Agreement and the Property

Development Agreements be reported to a future meeting of the Cabinet for approval.

http://barnet.moderngov.co.uk/Data/Cabinet%20Resources%20Committee/200803251900/Agenda/Document%2015.pdf

7.10 Cabinet, 21 October 2009 (Decision Item 7) – approved the terms and conditions of entering into the Development Framework Agreement and the Property Development Agreements, subject to approval of the Brookfield Europe and Hammerson Guarantor companies by the Director of Finance and the Leader of the Council, and the approval of the appropriate land transaction and financial arrangements by the Secretary of State. The approval was also subject to agreement of the plans, the historic costs and the form of the legal documents.

http://barnet.moderngov.co.uk/CeListDocuments.aspx?CommitteeId=120&MeetingId=306&DF=21%2f10%2f2009&Ver=2

7.11 Cabinet Resources Committee, 19 October 2010 (Decision Item 5) – approved the changes to the terms and conditions of the Development Framework Agreement and the two Property Development Agreements regarding Brent Cross Cricklewood (as considered and approved by Cabinet in October 2009)

http://barnet.moderngov.co.uk/CeListDocuments.aspx?CommitteeId=151&MeetingId=446&DF=19%2f10%2f2010&Ver=2

7.12 Cabinet Resources Committee, 18 April 2013 (Decision Item 14) - noted that the Brent Cross Cricklewood Development Partners wished to modify the existing planning consent to allow re-phasing; approved that the Director for Place begin preparations to enable the Council to procure a development partner to deliver the regeneration of the southern parts of Brent Cross Cricklewood Regeneration Area and confirmed the continued appointment of the external advisors for the Brent Cross Cricklewood Regeneration project, and the procurement of appropriate additional advice, and to delegate authority to the Director for Place to deal with necessary contractual issues or arrangements.
http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=151&MId=6759&Ver=4

7.13 Cabinet Resources Committee, 16 January 2014 (Decision Item 6) - approved the changes to the terms of the Brent Cross Property Development Agreement (as considered and approved by CRC in October 2010) and the terms for the Co-operation Agreement as set out in Section 9 of this report; authorised the Chief Executive in consultation with the Leader of the Council to agree the detail of the Brent Cross Property Development Agreement and Co-operation Agreement; approved commencement of market testing through the issue of a Prior Information Notice to inform the delivery strategy for the Brent Cross Cricklewood South area; and approve that the Council enter into negotiations with landowners to acquire land required in advance of any Compulsory

Purchase Order, subject to approval of the bid for capital funding by Cabinet on 25 February 2014; and approved that the Council continue the design and development work to develop the business case and funding strategy for delivery of the Thameslink Station, subject to approval of the capital funding bid by Cabinet on 25 February 2014; and delegate authority to the Strategic Director for Growth and Environment to procure the necessary advice and consultants to progress the Brent Cross project workstreams and deal with the related contractual issues and arrangements. http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=151&MId=7702&Ver=4

7.14 Assets, Regeneration and Growth Committee dated 9 July 2014 approved the procurement of a partner for the Brent Cross Cricklewood South development through an OJEU Negotiated route in accordance with the Brent Cross South Procurement and Delivery Strategy, and approved the Council's requirements for the Brent Cross Cricklewood South opportunity; and noted procurement timetable and that to meet this timetable an additional meeting would be needed to approve the selection of a preferred partner, which would be called in accordance with statutory requirements and the Council's constitution. http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7960&Ver=4

7.15 Assets, Regeneration and Growth Committee dated 8 September 2014 approved that the appropriate Chief Officers be authorised to negotiate and enter into agreements to acquire by private treaty the land and interests in the areas shown on the plan at Appendix 1 and to approve and enter into agreements and undertakings with the owners and/or occupiers of the land in the said areas so as to facilitate its acquisition and that the appropriate Chief Officers be authorised to arrange for a land referencing exercise (including the service of statutory requisitions) to be undertaken to identify all parties with interests in the land shown edged red and shaded pink and shaded blue on the plan at Appendix 1.

http://barnet.moderngov.co.uk/documents/s17302/Brent%20Cross%20Cricklewood%20-%20Report.pdf

7.16 Assets, Regeneration and Growth Committee dated 15 December 2014 noted progress on the Brent Cross Cricklewood project.

http://barnet.moderngov.co.uk/documents/s19845/BXC%20update%20-%20Publish.pdf

7.17 Urgency Committee, 26 February 2015 (Decision Item 1)

https://barnetintranet.moderngov.co.uk/documents/s21721/Annex%201%20Report%20to%20Urgency%20Committee%2026%20February%202015.pdf

7.18 Full Council dated 3 March 2015 approved the appointment of Argent and Related Companies PLC (Bidder Z) as the Council's preferred development partner for the Brent Cross Cricklewood South Scheme; the selection of

Gateway Barnet consortium comprising Far East Consortium, Countryside Properties and Notting Hill Housing Trust (Bidder Y) as the Council's reserve development partner for the Brent Cross Cricklewood South Scheme; authorise Officers to work up the Business Plan, Project Agreement and documentation necessary to form the joint venture for consideration and approval by Assets, Regeneration and Growth Committee prior to formally entering into the joint venture contract and authorised the Commissioning Director (Growth and Development) to determine the exact structure of the joint venture arrangement.

http://barnet.moderngov.co.uk/documents/g7819/Public%20reports%20pack%2003rd-Mar-2015%2019.30%20Council.pdf?T=10

7.19 Full Council dated 3 March 2015 approved that a compulsory purchase order (CPO) be made pursuant to the powers in section 226(1)(a) of the Town and Country Planning Act 1990 (as amended) for the acquisition of the land shaded pink on the plan at Appendix 1 and pursuant to section 13 of the Local Government (Misc Provisions) Act 1976 to acquire new rights in respect of the land shaded blue on the said plan to deliver (CPO1); That the appropriate Chief Officers be authorised to settle the final form and content of the CPO and associated documentation and take all action needed to pursue the CPO and secure its confirmation; That the appropriate Chief Officers be authorised, following the confirmation of the CPO, to implement the CPO powers and acquire title to and/or take possession of the land ; That the appropriate Chief Officers be authorised to carry out the necessary procedures under Part 11 of the Housing Act 1985 and to use Ground 10A to obtain vacant possession of Council owned dwellings that are occupied by secure tenants in the area shown shaded pink on the plan at Appendix 1 ; that the appropriate Chief Officers be authorised to approve the service of Initial and Final Demolition Notices as required pursuant to the Housing Act 2004 to suspend the right to buy on properties due for demolition which are situated on the Whitefield Estate but fall within the Brent Cross North Development and on the Rosa Freedman Centre; and that the appropriate Chief Officers be authorised to take all necessary steps to re-house secure tenants from the Sheltered Housing Units at Rosa Freeman and to pay statutory home loss and disturbance to those tenants.

http://barnet.moderngov.co.uk/documents/g7819/Public%20reports%20pack%2003rd-Mar-2015%2019.30%20Council.pdf?T=10

7.20 Full Council on 3 March 2015 approved that a compulsory purchase order (CPO) be made pursuant to the powers in section 226(1)(a) of the Town and Country Planning Act 1990 (as amended) for the acquisition of the land to deliver the first south side phase (known as CPO2) shaded pink on the plan at Appendix 1 ; That the appropriate Chief Officers be authorised to settle the final form and content of the CPO and associated documentation and take all action needed to pursue the CPO and secure its confirmation; That the appropriate Chief Officers be authorised, following the confirmation of the CPO, to implement the CPO powers and acquire title to and/or take possession of the land; That the appropriate Chief Officers be authorised to carry out the necessary procedures under Part 11 of the Housing Act 1985 and to use Ground 10A to obtain vacant possession of Council owned dwellings that are occupied by secure tenants in the area shown shaded pink on the plan at Appendix 1 and that the appropriate Chief Officers be authorised to approve the service of Initial and Final Demolition Notices as required pursuant to the Housing Act 2004 to suspend the right to buy on properties due for demolition which are situated on the Whitefield Estate but fall within the Brent Cross South Development..

http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MID=7819#AI11444

7.21 Assets, Regeneration and Growth Committee dated 1 June 2015 noted progress on the Brent Cross Cricklewood project; A) approved the terms for the draft Collaboration Agreement between the Council and Argent and Related Companies as set out in the Exempt Report; B) authorised the Chief Executive in consultation with the Leader of the Council to agree the detail of the Collaboration Agreement; Confirmed as a matter of principle, that the Council is prepared to use its compulsory purchase powers pursuant to section 226(1)(a) of the Town and Country Planning Act 1990 (as amended) to acquire the land edged red on the plan at Appendices A & B; noted that a) the appropriate Chief Officers are commencing negotiations to acquire by private treaty the land and interests in the areas required to deliver the Thameslink Station as shown on the plan at Appendices A & B and to approve and enter into agreements and undertakings with the owners and/or occupiers of the land in the said areas so as to facilitate its acquisition; and that the appropriate Chief Officers are undertaking the work needed to prepare for a possible Compulsory Purchase Order (CPO) together with the associated documentation and, if necessary, will bring a further report back to the Committee seeking authority to make a CPO in respect of the land shown on the plan at Appendix C.

http://barnet.moderngov.co.uk/documents/s23463/Brent%20Cross%20Cricklewood%20Station%20Project%20Update%20-%20REPORT.pdf

7.22 Assets, Regeneration and Growth Committee dated 30 November 2015 approved the terms for the amendments to the Brent Cross Property Development Agreement and Co-operation Agreement and authorised the Chief Executive in consultation with the Leader of the Council to agree the detail of the Brent Cross Property Development Agreement and Co-operation Agreement and any required subsequent changes in the associated commercial documentation; noted progress on land acquisitions within the CPO red line boundary and that the CPO Inquiry for Brent Cross Cricklewood CPO1 and Brent Cross Cricklewood CPO 2 is scheduled for 17 May - 17 June 2016; approved the Brent Cross South Joint Venture Structure that will inform the Project Agreement and documentation necessary to form the Brent Joint Venture; noted the establishment of the Shadow Joint Venture Board and gave approval for the terms of reference for Shadow Shareholder Board for the Brent Cross South Joint Venture to be drawn up including a process for appointing Members for agreement at the next practicable meeting of the

Council; and noted progress on the Thameslink Station project, in particular the station design and funding strategy.

http://barnet.moderngov.co.uk/documents/s27725/Brent%20Cross%20Cricklewood%20Project%20update.pdf

This page is intentionally left blank

Assets, Regeneration and Growth Committee

30 November 2015

Title	**Brent Cross Cricklewood Project update**
Report of	Commissioning Director, Growth & Development
Wards	Childs Hill, Golders Green and West Hendon
Status	Public with separate Exempt report.
Urgent	No
Key	Yes
Enclosures	Appendix 1 CPO Plan Appendix 2 Regeneration Programme Milestones Appendix 3 Corporate Structure Appendix 4 Draft Station option layouts
Officer Contact Details	Karen Mercer, Programme Director Re, Karen.Mercer@barnet.gov.uk, 0208 359 7563

Summary

This report provides an update to the Committee on progress on the Brent Cross Cricklewood Project. In particular it seeks the Committee's approval to amendments to the legal agreements with the Brent Cross North Partners; establishes governance arrangements and recommends corporate structures for the Brent Cross South Joint Venture company; and updates on progress with land assembly and the development of plans for an additional Thameslink Station at Brent Cross South.

Recommendations

That the Committee

1. **A) Approve the terms for the amendments to the Brent Cross Property Development Agreement and Co-operation Agreement as set out in the**

Exempt Report;
B) Authorise the Chief Executive in consultation with the Leader of the Council to agree the detail of the Brent Cross Property Development Agreement and Co-operation Agreement and any required subsequent changes in the associated commercial documentation.

2. **Note progress on land acquisitions within the CPO red line boundary and that the CPO Inquiry for Brent Cross Cricklewood CPO1 and Brent Cross Cricklewood CPO 2 is scheduled for 17 May - 17 June 2016.**

3. **Approve the Brent Cross South Joint Venture Structure that will inform the Project Agreement and documentation necessary to form the Brent Cross South Joint Venture.**

4. **To note the establishment of the Shadow Joint Venture Board and give approval for the terms of reference for Shadow Shareholder Board for the Brent Cross South Joint Venture to be drawn up including a process for appointing Members for agreement at the next practicable meeting of the Council.**

5. **Note progress on the Thameslink Station project, in particular the station design and funding strategy.**

1. WHY THIS REPORT IS NEEDED

1.1 This report provides an update on progress on the Brent Cross Cricklewood project following the key milestones reached in March 2015.

1.2 As the Committee is aware, Hammerson UK and Standard Life Ltd (the Brent Cross North Partners) will deliver the redevelopment of the shopping centre at Brent Cross and the land around it, together with the infrastructure required to support the comprehensive regeneration proposals. The Council will take the lead on the south side to deliver, with its new joint venture partner, the southern parts of the Brent Cross Cricklewood Regeneration masterplan, including the land to be redeveloped in connection with the station improvements.

1.3 The Committee will be aware that the Council on 3 March 2015 approved the appointment of Argent and Related Companies PLC as the preferred development partner for the Brent Cross Cricklewood South Scheme. On 1 June 2015 the Committee approved the terms for the draft Collaboration Agreement between the Council and Argent and Related Companies and authorised the Chief Executive in consultation with the Leader of the Council to agree the detail of the Collaboration Agreement.

1.4 The Committee will also recall that on 16 January 2014 and 8 September 2014 it approved the Council entering into negotiations and concluding agreements by private treaty with owners whose land or interests are required for the delivery of the project. The Committee also approved the land referencing exercise to identity all parties with interests in the land and with whom private treaty negotiations should be conducted.

1.5 On 3 March 2014, following the Committee's recommendation, Council approved that two separate compulsory purchase orders (CPOs) be made pursuant to the powers in section 226(1)(a) of the Town and Country Planning Act 1990 (as amended) for the acquisition of the land as shaded in the plan attached at Appendix 1 (appendix C of the 3 March 2014 report). This land is needed to bring forward the regeneration proposals in respect of the first phase development to deliver the redevelopment of the shopping centre and critical infrastructure (CPO1) and the BXC South proposals (CPO2 – hatched area at Appendix 1) as part of the overall comprehensive regeneration of the Brent Cross Cricklewood area.

1.6 The Council also authorised the appropriate Chief Officers to settle the final form and content of the CPOs and associated documentation and take all action needed to pursue the CPOs and secure their confirmation alongside authorising Chief Officers to carry out the necessary procedures under Part 11 of the Housing Act 1985; and to use Ground 10A to obtain vacant possession of Council owned dwellings that are occupied by secure tenants and approving the service of Initial and Final Demolition Notices as required pursuant to the Housing Act 2004 to suspend the right to buy on properties due for demolition which are situated on the Whitefield Estate.

1.7 On 1 June 2015, the Committee confirmed as a matter of principle, that the Council is prepared to use its compulsory purchase powers pursuant to section 226(1)(a) of the Town and Country Planning Act 1990 (as amended) to acquire the land required to deliver the early delivery of the Thameslink Station. The Committee noted the negotiations to acquire the land and interests in the areas required to deliver the Thameslink Station by private treaty had commenced and approved entering into agreements and undertakings with the owners and/or occupiers of the land in the said areas so as to facilitate its acquisition. The Committee also noted that work was being undertaken to prepare for a possible Compulsory Purchase Order (CPO) together with the associated documentation and, if necessary, a further report would be brought back to the Committee seeking authority to make a CPO.

2. UPDATE

Brent Cross North

2.1 As previously reported to Committee, the Section 73 planning permission for the wider Brent Cross Cricklewood scheme (which amended the phasing of the original planning permission and made consequential changes) was granted on 23 July 2014, following the completion of the Section 106 agreement.

2.2 Since then, the Brent Cross North Partners have focussed on discharging the relevant pre-reserved matters planning conditions and preparing the necessary reserved matters applications in respect of the critical infrastructure to be provided to support the shopping centre and comprehensive regeneration of the area.

2.3 The Brent Cross North Partners have submitted a number of reserved matters applications in respect of Phase 1A (North), which is largely an infrastructure phase. It includes necessary highways infrastructure to support the northern development as well as improvements to critical southern junctions including A5/A407 Cricklewood Lane and the A407 Cricklewood Lane/Claremont Road. The infrastructure required relevant to the River Brent re-routeing and bridge works are also delivered as part of Phase 1A (North), along with the Living Bridge, Replacement Tempelhof Bridge, Clitterhouse Playing Fields Part 1 (excluding the Nature Park) and the Claremont Park Improvements.

2.4 The reserved matters for Phase 1A (North) have been broken down into four separate reserved matters submissions due to the size, scale and complexity of this initial sub phase of the Brent Cross Cricklewood Regeneration scheme. All reserved matters for Phase 1A (North) have been approved or have resolution to grant. These are summarised in the table below:

2.5 *Table 1. Phase 1A (North) Reserved Matters Approved*

No.	Summary Description	Planning Reference	Status
1.	The residential development of Plots 53 and 54.	15/00720/RMA	Approved 18th May 2015
2.	The Open Space Improvements of Clitterhouse Playing Fields (Part 1) and Claremont Park	15/00769/RMA	Approved 25th June 2015
3.	Open Space proposals for Central Brent Riverside Park	15/03315/RMA	Resolution to grant at Planning Committee 10th September 2015
4.	Infrastructure Proposals including Roads and Junctions, Tempelhof and Living Bridges and diversion of the River Brent corridor.	15/03312/RMA	Resolution to grant at Planning Committee 10th September 2015

2.6 Following a review of the detailed design of the infrastructure, the Brent Cross North Partners submitted further reserved matters applications in October 2015 for amendments to specific items of infrastructure within Phase 1A (North). These applications are currently under consideration and are set out in Table 2 below.

Table 2. Phase 1A (North) Current Reserved Matters Applications

No.	Summary Description	Planning Reference	Status
1.	Amendment to the design of Bridge Structure B1 (Replacement A406 Tempelhof Bridge)	15/06571/RMA	Under consideration
2.	Tilling Road /Brent Terrace North junction	15/06572/RMA	Under consideration
3.	River Brent Bridge 1, western and central part of re-aligned River Brent	15/06573/RMA	Under consideration
4.	Landscaping to Central Brent Riverside Park within the vicinity of River Brent Bridge 1	15/06574/RMA	Under consideration

2.7 The Brent Cross North Partners have now also started to progress the detailed design of the shopping centre. It is expected that pre-application discussions will commence in early 2016, with a reserved matters application to be submitted in early 2017.

2.8 The Brent Cross North Partners have also been working with TFL and the Council's highways team to progress the necessary transport modelling work and highway design to support the Phase 1 Infrastructure reserved matters application together with the necessary Road Closure Order strategy and preparatory work to inform the required highway infrastructure agreements. It is anticipated detailed work on the highway infrastructure agreements will commence in early 2016.

2.9 The anticipated construction start date is end of 2017, with phased opening from 2018 with completion date end of 2021. The current programme is set out in the Regeneration Programme Milestones attached at Appendix 1.

Brent Cross South

2.10 In relation to the south side scheme, the Council is now in discussions with Argent and Related Companies (Argent Related), following the Council's approval on 3 March 2015 to appoint Argent Related as the preferred joint venture partner for the Brent Cross Cricklewood South Scheme.

2.11 The Council and Argent Related are now jointly developing the business plan alongside progressing the project agreement and the corporate documentation required to govern formation of the new Joint Venture entity (JVLP), which will be reported to the Committee in March 2016 for approval. Following which, the project documentation will be entered into and the JVLP formally created.

2.12 To assist and guide this process, a Collaboration Agreement has been completed between the parties. This agreement provides the framework for ongoing discussions, working practices as well as setting the key milestones for the next year.

2.13 A Shadow JVGP Board, comprising Senior Officers from the Council and Argent Related, has been established to take the necessary decisions to drive the project forward and inform the emerging Business Plan, which will be considered by the Committee in March next year.

2.14 The Business Plan will detail the first phase which will include a mix of uses, including affordable housing, market housing as well as potentially other products such as build to rent housing; and will set out the delivery programme for that phase. The JVLP anticipates submitting planning and reserved matters applications for the initial components of the first phase (e.g. enabling infrastructure) by the end of 2016, with further reserved matters to follow shortly after in line with the delivery programme.

2.15 This would facilitate starting on site by the end of 2017, with the potential for the first buildings to be occupied by the end of 2019 in line with the Council's objectives set out in the tender documentation.

Proposed Joint Venture Structure

2.16 In respect of the structure of the JVLP, the Committee on 3 March 2015 authorised the Commissioning Director, Growth and Development to determine the exact structure of the joint venture arrangement. Following discussions with the JV Partners, the Commissioning Director, Growth and Development and advisors together with Argent Related have concluded that a limited partnership would best serve the purposes of the joint venture as explained below. The Committee is asked to approve the proposed structure as set out at Appendix 3 to enable the project legal documentation to be developed on that basis.

2.17 During the procurement process for selection of a joint venture partner, bidders were supplied with a set of heads of terms which described the Council's intention to form a corporate joint venture in which it would have a 50% controlling stake. Bidders were invited to submit a compliant bid that anticipated the joint venture being a company limited by shares. Bidders were also given the opportunity to express a preference, through the submission of a variant bid, for the joint venture to be structured as a limited partnership (LP). Argent and Related Companies expressed a preference for a limited partnership on the basis that this offered a more attractive structure for the purpose of attracting third party finance and allowed for a more efficient distribution of profits to Argent and Related Companies.

2.18 The Council is advised by Wragge Lawrence Graham (WLG) that the LP structure can be used as an effective means by which to form the joint venture. The Council participates in an LP in two ways. First, through being an equal shareholder in what is known as the general partner (JVGP) - this is the corporate entity appointed by the partnership to conduct the day to day business of the partnership; and second through the Council's entitlement to participate in surpluses from the project, which arises through its membership of the partnership.

Establishment of Shareholder Board & JVGP Board

2.19 On the basis of this structure as described above and at Appendix 3, the Council will enter into the project agreement with the JVLP, which will be a limited partnership (LP). The LP must appoint a general partner (GP) to manage its responsibilities and deliver the project. The JVGP is a 'limited company' in which the Council has a 50% shareholding. The financial returns and investment flow through the LP.

2.20 For vires reasons, the Council is advised that it should establish a wholly owned subsidiary (referred to hereafter as LBBCo) which will be the 50% partner in the JVLP. LBBCo will receive the Council's share of surpluses, on which it will pay Corporation Tax. It should be noted that the Corporation Tax liability of LBBCo will be no greater than the Council's "share" of Corporation Tax liability had the Joint Venture been established as a company limited by shares.

2.21 The General Partner will take day to day decisions to implement the JVLP's approved Business Plan, and must act in the interests of the JVLP. It is proposed that Council representation on the Board be made up of senior officers with authority delegated to the Chief Executive Officer to revise membership from time to time. As noted in paragraph 2.13 above, a Shadow JVGP Board has been established that comprises the Commissioning Director, Growth & Development, the Director of Resources and the Director of Place (Re).

2.22 Some decisions, most notably amendments to the Business Plan, are proposed to be reserved to the shareholders. The shareholders can act in the interests of the Council, which may not in every case be the same as the interests of JVGP. The Board of LBBCo will be authorised to take decisions on behalf of the Council acting as the shareholder. The Committee is asked to agree that this board should comprise five nominated Members, reflecting the political balance of the Council.

2.23 The Committee is asked to authorise the establishment of the Shadow Shareholder Board and note the establishment of the Shadow JVGP Board prior to completion of the legal documentation and formal establishment of the JVLP and LBBCo, which is anticipated in March 2016, subject to the final approval of the JVLP Business Plan and legal documentation by the Committee.

2.24 The Committee is further asked to approve that the Shadow Shareholder Board should become the board of LBBCo when LBBCo is established, and should be authorised to make decisions (if any) on behalf of the Council as partner in the LP.

2.25 The Committee is also asked to authorise officers to draw up the terms of reference of the Shadow LLBCo Board, which should include the process for appointing Members, for agreement at the next practicable meeting of Council.

Updated Delivery Arrangements and consequential changes to the PDA and Co-Operation Agreement.

2.26 Since March 2015 the Shadow JVGP board has been undertaking work to develop the JVLP business plan, south side first phase proposals and delivery programme. A key objective is to understand how early delivery of the housing elements can be achieved within the context of the outline planning permission. As part of this work, the Shadow Board has been reviewing the planning and delivery obligations that the existing planning permission requires to be completed before the south side development can commence. It has also been reviewing the delivery obligations in respect of the critical infrastructure needed to facilitate the south side.

2.27 The Committee will be aware that the Property Development Agreement (PDA) between the Council and the Brent Cross North Partners signed in March this year requires the Brent Cross North Partners to deliver all of the critical infrastructure.

2.28 Together the planning obligations and reliance on the Brent Cross North Partners create a risk that any delays to the North could negatively impact the South.

2.29 The Council, in consultation with the Shadow JVGP Board, has drafted heads of terms setting out a package of measures that the Brent Cross North Partners will be required to contractually commit to through a Deed of Variation to the existing Property Development Agreement and Co-operation Agreement. This allows for the Council/JVLP taking on part of the cost of critical infrastructure to facilitate the south side development in return for a more favourable overage arrangement from the Brent Cross North Partners along with other measures that will support effective delivery of the South and give greater certainty that the North will progress in a timely way.

2.30 The draft heads of terms are set out in the Exempt Report. The Committee is asked to approve these heads of terms and authorise the Chief Executive in consultation with the Leader of the Council to agree the detail of the Deed of Variations required in respect of the Brent Cross Property Development Agreement and Co-operation Agreement and any required subsequent changes in the associated commercial documentation within the parameters of the draft heads of terms as detailed in the Exempt report.

Thameslink

2.31 As the Committee is aware, the Council is leading on the delivery of the Station in partnership with Network Rail and public sector stakeholder partners in order to support the south-side scheme and comprehensive regeneration of the Brent Cross Cricklewood area

2.32 The Committee is also aware the Council has been working with the GLA, HM Treasury, DCLG and Department for Transport over the last 18 months to develop the Outline Business Case and funding strategy to bring forward the station proposals. In March this year, the Government announced in its Budget Statement that the government will provide £97m grant funding and ring-fence the local 50% share of business rate growth to support the London Borough of Barnet and the Greater London Authority plans for the regeneration of Brent Cross, and facilitating the delivery of 7,500 new homes.

2.33 The Council is currently finalising the Full Regeneration Business Case for submission to HM Government in December following a feasibility study on the options surrounding the station design. It is anticipated that the Business Case will be reviewed by the Department of Communities and Local Government Finance Sub-Committee in February 2016, with a final decision in March 2016.

2.34 As the Committee is aware, the Council entered into a Design Services Agreement with Network Rail on 24 November 2015 to take forward a feasibility study on the options for the station design in accordance with Network Rail's GRIP (Governance of Railway Investments Projects) procedures to develop a single option selection (known as GRIP 3). The main purpose of this exercise is to establish the required rail-side track works and location of the platforms to progress to and inform the detailed design stage (known as GRIP 4) with full approval from Network Rail and Department of Transport.

2.35 The GRIP 3 (Option Selection) for the new Thameslink Station is being undertaken by Network Rail supported by Capita and Carillion. The option selection work is substantially complete and on schedule to issue the final option report and cost estimate in early December to support the Full Regeneration Business Case submission

2.36 The emerging design is based on two island platforms (four faces) long enough to accommodate 12 car Thameslink Class 700 trains with a stopping pattern of 8 trains per hour 3hr peak, 4 trains an hour off peak on the slow lines. This will also require track re-alignment works, signalling & telecoms, Overhead Lines Electrification amendments.

2.37 The options currently being developed for the station building include possible combinations of pedestrian footbridge, station concourse and ticketing. Potential option layouts are attached at Appendix 4. In this regard, discussions have commenced with Argent Related in respect of the interface between the Thameslink and Brent Cross South projects. It is anticipated that the detailed design of the station building and footbridges will be developed concurrently with Argent Related emerging masterplan for the station quarter.

2.38 The station design is being developed taking account of the aspiration to repurpose the Old Oak to Brent Cross Freight Line as a pedestrian route.

2.39 A Station Project Board has now been established to include all key stakeholders including Network Rail, TfL, the Freight and Train Operating Companies and London Borough of Brent.

2.40 An update on the Thameslink Station will be provided to the Committee in March 2016 following HM Government's decision on the Full Regeneration Business explaining next steps and including the proposal for contractor engagement and the GRIP 4 Detailed Design process.

2.41 The Committee should be aware the pedestrian bridges and buildings and structures associated with the proposed station that falls outside the operational railway land will be subject to further planning approvals and consideration by the Council's Planning Committee in accordance with the existing outline planning permission and the statutory planning framework. Operational changes such as track and signalling works are undertaken as permitted development.

2.42 The decision to proceed with the station project itself will be made by the Council's Policy and Resources Committee in accordance with the Council's Treasury Management Strategy and the Prudential Code for Capital Finance in Local Authorities, which allow councils to invest in capital projects provided they are affordable prudent and sustainable .

2.43 The target date for station opening remains 2021.

Land Assembly and CPO

2.44 As the Committee is aware, the Council has now made the two Compulsory Purchase Orders in respect of the land required to facilitate the first phase development as shown on the plan attached at Appendix 1.

2.45 The Orders were made on 20 April 2015. The formal statutory Notices were served on those affected by the CPO on 30 April 2015. Notices were also placed in local press as required and the statutory objection / consultation period to enable those affected by the CPOs to register their objections and make representations to the Secretary of State has now closed.

2.46 The Secretary of State has now confirmed that an Inquiry will be required. The Inquiry is scheduled to take place from 17 May – 17 June 2016.

2.47 The Secretary of State has also confirmed that a Pre-Inquiry meeting will take place, and it is anticipated that this will be held early in the New Year.

2.48 The Council and its Development Partners are responding to objections and undertaking necessary works such in order to prepare for the CPO Inquiry.

2.49 The Council and its advisors are progressing private treaty negotiations with those business and residents affected by the CPO.

2.50 The Council is leading on the acquisition of land within the south side compulsory purchase areas, as previously approved by Capital Resources Committee in January 2014 and Assets, Regeneration Committee in September 2014.

2.51 Heads of Terms have now been agreed with seven residential owners with the CPO areas, and it is anticipated that the Council will complete these acquisitions shortly. Similarly, the Council has reached agreement with commercial owners within the south side area. Each of these acquisitions will be subject to separate Officers Delegated Powers Report.

2.52 In order to prepare for a start on site, the Council has served an Initial Demolition Notice on properties within CPO1 area on the Whitefield Estate, to suspend the 'Right to Buy' and inform residents about the timescale for demolition. The Council served these Notices on the 19th November 2015 and these notices will be valid for a five year period (from 19th November 2015 to 18th November 2020).

2.53 The Council and Development Partners will continue to consult with residents throughout this process. The Council is also holding CPOs surgery meetings to meet directly with residents to discuss their concerns and next steps.

2.54 The Council has also commenced negotiations to acquire by private treaty the land and interests in the areas required to deliver the Thameslink Station. Progress is being made with landowners. However, it is likely that a Compulsory Purchase Order will be required and it is anticipated that a report will be brought back to the Committee seeking authority to make a CPO in March 2016. Formal land referencing will be undertaken in February 2016.

Programme Management Office (PMO)

2.55 The Council set up a Programme Management Office PMO in 2014 to support the management and co-ordination of the regeneration programme interfaces between the three key development areas within the Brent Cross Cricklewood programme:

- Brent Cross North Phase 1A & B
    - to delivered by the Brent Cross North Partners
    -
- Brent Cross South
    - to be delivered by JVLP

- Thameslink Station Development
    - The delivery of which is being led by the Council

2.56 The PMO has developed and maintains an integrated regeneration programme based on the programmes developed for current project work streams and for the three key development areas provided the respective development planning and delivery teams. Key milestone dates for each of the key areas is included within the Regeneration Programme at Appendix 2.

2.57 The Council and delivery partners are to develop this function further to establish an integrated Regeneration Programme PMO. Its role will be to:-

- confirm strategic objectives and priorities between the Council and delivery transport infrastructure and other project stakeholders
- develop an integrated baseline programme against which monitor and report progress and the realisation of regeneration benefits, control programme change
- resolve issues, identify opportunities and manage risks

2.58 The PMO will operate to allow each project group and workstream within the three main development areas to be independently managed at project level whilst ensuring an integrated approach to design development and delivery. It will focus, in particular, on transport modelling; inter dependences in terms infrastructure and utilities capacity, phasing and construction logistics interfaces, risk management and the identification and realisation of opportunities which will add value for the project stakeholders and wider community

3. REASONS FOR RECOMMENDATIONS

3.1 To maintain progress on delivery of the regeneration of the Brent Cross Cricklewood area.

3.2 The comprehensive regeneration of Brent Cross Cricklewood is a long-standing objective of the Council and a key regeneration priority of the Mayor of London. At 151 Ha, it is one of the largest regeneration schemes in Europe. The London Plan identifies it as an Opportunity Area with an indicative employment capacity target of 20,000 jobs and a minimum new homes target of 10,000 homes. The Council’s Core Strategy reinforces the significant comprehensive regeneration opportunity, which includes a new town centre, major new and improved transport and community facilities, and other infrastructure and public areas.

3.3 The development of this strategic gateway site will create a new town centre and residential quarter, uniting the areas north and south of the A406 North Circular, providing an attractive and vibrant place to live and work. It will contribute to the future prosperity of the Borough. The development to the north of the North Circular alone is expected to create 3,000 construction jobs and an additional 4,000 permanent jobs over the next five to seven years. It will provide around 91,500 sqm (net) of additional retail and commercial floorspace.

3.4 Brent Cross Cricklewood is a key element of the Council's regeneration and housing programme and will provide over 7,540 new homes over the next 20 years, including affordable homes and replacement homes for the Whitefield Estate. The scheme will also provide new and improved educational and health facilities for the community, and improved open space and recreational facilities for the community to enjoy and use.

3.5 The regeneration of Brent Cross Cricklewood will be a major component of achieving the Council's priority objectives in its Corporate Plan 2013-2016, including to 'maintain the right environment for a strong diverse local economy', with the strategic objective under this priority being to sustain Barnet by 'promoting growth, development and success across the borough'.

4. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

4.1 If the Council does not approve the Limited Partnership structure for the joint venture then this will raise concerns on the part of Argent Related as it could have an adverse impact on their ability to raise finance for Brent Cross South. It could also result in a procurement challenge (by Argent Related) who had been offered the opportunity to justify such an approach as part of the procurement process.

5. POST DECISION IMPLEMENTATION

5.1 The Council and its advisors will continue to work on the workstreams to delivery of the Brent Cross regeneration proposals as outlined in this report and approved by the Assets, Regeneration and Growth Committee.

5.2 Terms of reference will be prepared for the Shadow LLBCo Shareholder Board, and the Council will be asked to appoint Members to the shadow LLBCo Board at its next meeting; and the shadow LLBCo Board will meet in the new year to provide input into the emerging business plan.

6. IMPLICATIONS OF DECISION

6.1 Corporate Priorities and Performance

6.1.1 The regeneration of Brent Cross Cricklewood supports the Council's Corporate Plan 2015-20 which states that the Council will work with local, regional and national partners to strive to ensure that Barnet is a place:

- of opportunity, where people can further their quality of life
- where people are helped to help themselves, recognising that prevention is better than cure
- where responsibility is shared, fairly
- where services are delivered efficiently to get value for money for the taxpayer.

6.1.2 The scheme to transform Brent Cross Cricklewood will play a major role in delivering future prosperity, doubling the size of the shopping centre and linking seamlessly to a new town centre for Barnet and North London across the North Circular Road. Brent Cross Cricklewood is one of Barnet's priority regeneration areas, and will provide approximately 7,500 new homes over the next 20 years. It is a key part of the wider revitalisation of the A5 corridor, linking Brent Cross Cricklewood with developments at West Hendon, Colindale and Edgware and improvements to Cricklewood Town Centre, to create a series of high quality modern suburbs.

6.1.3 The first phase of the Brent Cross Cricklewood project includes the redevelopment of the shopping centre, creation of major new infrastructure, improved links to the existing tube station, and delivery of around 2,461 new homes over the next 8-10 years. This will create an estimated 3,000 construction jobs, and 4,000 permanent jobs. The Thameslink Station is important to the success of the regeneration scheme in both place-making as well as viability terms. However, at present the scheme does not benefit from the delivery of the station until the later phases. Bringing the station forward in the delivery programme will increase the attractiveness of Brent Cross Cricklewood area as a place to live, shop and work and thereby improve the viability of Brent Cross Cricklewood South and will also increase the pace of delivery of new homes.

6.2 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

6.2.1 The Brent Cross Property Development Agreement executed on 3 March 2015 confirms that the Development Partners are obliged to pay the Council's (and their consultants') costs in connection with this project.

6.2.2 In relation to CPO, there are two main elements of costs associated with any potential CPO process – the costs of preparing and promoting the CPO itself, and the compensation and consideration to be paid to those whose land and interests are acquired.

6.2.3 In terms of the costs for resourcing the private treaty acquisitions, this will require input from internal and external resources covering various disciplines, including senior officers, legal input, and surveying and valuation expertise. In respect of these acquisitions which fall in the northern part of the scheme, the Development Partners will meet all of these costs through the CPO Indemnity agreement executed on 3 March 2015 unless otherwise agreed.

6.2.4 In relation to the land required to deliver the first phase development on Brent

Cross Cricklewood South, capital funding was approved on 4 March 2014. As detailed in the progress update of this report a number of residential and commercial acquisitions are now well advanced. This funding will be later recouped from the Brent Cross Cricklewood South development.

6.2.5 In relation to the design and development work for the Thameslink station, capital funding of £3.738m is currently available funded from the infrastructure reserve. This amount will be increased to £4.9m following approval by Policy and Resources Committee in December this year. This funding will be included in the overall Station development project cost. In relation to land assembly, the Council is only undertaking the preparatory work towards the CPO at this point in time as well as the land referencing exercise. The Council is in discussions with owners and occupiers within the south side area as approved by the Committee on 16 January and 8 September 2014.

6.2.6 Costs relating to the collaboration agreement will be determined as workstreams are determined. Argent Related have prepared a project plan identifying work streams on the critical path to supporting a CPO inquiry in May 2016, the Thameslink Regeneration Business Case, and producing a Business Plan to support Joint Venture project documentation in March together with cost estimates.

6.3 Social Value

6.3.1 As indicated in sections within this report, the Brent Cross Cricklewood programme will secure wider social, economic and environmental benefits.

6.4 Legal and Constitutional References

6.4.1 The Council's Constitution, Responsibility for Functions, Annex A states the terms of reference of Assets, Regeneration and Growth Committee, including

- to oversee major regeneration schemes including those of key social housing estates
- all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

6.4.2 The Council has a general power of competence under Section 1 of Chapter 1 of the Localism Act 2011 and this empowers the Council to enter into joint venture arrangements for the development of the south side of the Brent Cross Cricklewood regeneration scheme. Section 1 of the Localism Act 2011 provides local authorities with a broad power to do anything that individuals can do subject to any specific restrictions contained in legislation.

6.4.3 The Council has the power to acquire and dispose of land in accordance with Sections 120 to 123(2A) of the Local Government Act 1972, and subject to obtaining all appropriate consents and approvals. On any disposal of property the Council is required to have regard to the requirements of s123(2) of the LGA 1972 to ensure that any disposal is not at less than the best price that can reasonably be obtained. Where land has been appropriated for planning purposes, any disposal of land appropriated for such purposes is effected in reliance on section 233 Town and Country Planning Act 1990. Any land held for the purposes of part 2 of the Housing Act 1985 can be disposed of under section 32 of that Act either in reliance on a general or express consent of the consent of the Secretary of State.

6.4.4 Council Constitution - Management of Asset, Property and Land Rules provide the governance structure within which the Council may acquire, lease, act as landlord, licence, develop appropriate change of use of, or dispose of assets within its Asset portfolio.

6.4.5 Section 226(1)(a) of the Town and Country Planning Act 1990 enables the Council to exercise its compulsory acquisition powers if it thinks that acquiring the land in question will facilitate the carrying out of development redevelopment or improvement on, or in relation to, the land being acquired and that such development is likely to contribute to the achievement of any one or more of the objectives being the promotion of either the economic, social or environmental well-being of their area.

6.4.6 The procurement of a partner and other advisers for the south side of the scheme will be carried out in accordance with the relevant European Union procurement regulations and public sector procurement principles. Negotiations with Argent/Related are continuing and the Council is within the final procurement phase of the project.

6.4.7 The Public Services (Social Value) Act 2012 requires the Council to consider whether it can achieve an improvement to the economic, social and environmental well-being of an area as part of the procurement of these services. If so, the social value objectives identified must be written into the procurement process. All of this must be achieved with regard to value for money and in a way that is compliant with existing public procurement law. “Social value” objectives can include the creation of employment, apprenticeship and training opportunities for local people, trading opportunities for local businesses and the third sector; and the promotion of equality and diversity through contract delivery.

6.4.8 Section 111 of the Local Government Act 1972 provides that a local authority has power to do anything which is calculated to facilitate, or is conducive or is incidental to, the discharge of its functions.

6.4.9 The public sector equality duty referred to in Section 5 also required consultation to ensure the Council complies with its duties under the Equality Act 2010.

6.5 **Risk Management**

6.5.1 The key risks for this stage of work can be summarised as follows:

6.5.2 There is the risk that the Brent Cross North Partners do not progress the shopping centre scheme, or deliver part of the scheme but fail to deliver the critical infrastructure needed to facilitate the comprehensive regeneration of the area. In this regard, the commercial agreements with the Brent Cross North Partners require the delivery of critical infrastructure. There is also provision within the legal agreements enabling the Council to acquire Hammerson owned land needed to deliver the south side in the event the north does not progress. Furthermore, the commercial agreements with the Brent Cross North Partners require the delivery of critical infrastructure to enable the Brent Cross Cricklewood South development to come forward in advance of the shopping development. This will ensure that the regeneration of the southern land is progressed.

6.5.3 Ultimately, if the Brent Cross North Partners did not proceed, the Council and Argent Related would work together to develop an alternative scheme for Brent Cross South (without any obligation on either party to do so). Legal advisors have confirmed that there would be no procurement issues in proceeding with such a scheme in the absence of Brent Cross North going ahead.

BXC South

6.5.4 Failure to agree on a viable first phase scheme, thus preventing delivery. This is considered to be low risk given the due diligence undertaken to date to inform the delivery strategy. Nonetheless Argent Related will be invited to describe a backstop for Phase 1 and agree a deadlock process for resolving disagreements as part of the Business Plan and Project Agreement negotiation.

6.5.5 Failure to complete project documentation by March 2016. To mitigate this risk, the Council and Argent Related have signed the Collaboration Agreement to provide the framework and agreed milestones over the next 6 months. The Shadow JVLP Board has been established to drive the business plan and project documentation and to monitor progress, and take mitigation action if required.

6.5.6 Procurement risks are explained in the legal section.

6.5.7 The Council may wish to understand if there is any risk on its ability to influence the project as a result of establishing LBBCo (as a corporate intermediary allowing it to participate as a limited partner in the LP structure). LBBCo will be the entity through which the Council participates in the 'investment element' of the LP. However in order to maintain their limited liability status, the limited partners have almost no involvement in decision making of the Limited Partnership itself. Those decisions are made by the GP (a company limited by shares) which must act in the interests of the partnership as a whole. The Council will be a 'direct' 50% shareholder in the GP. Any decisions that cannot be agreed upon by the board of the GP can be referred to its shareholders who are not constrained by directors' duties. In this way, the Council will effectively maintain equivalent control over project delivery as it would do were the JV to have been a company limited by shares.

Thameslink

6.5.8 Failure to secure the funding strategy for the Thameslink Station. The train station is a key element of the delivery of Brent Cross South. The delivery of the station will help to increase land values, thereby facilitating the regeneration of the Brent Cross Cricklewood area. The Council together with public sector partners (Greater London Authority, Network Rail and Transport For London) and Central Government working together to finalise the full business case and detail of the funding arrangements.

6.5.9 There is a risk that the Station business case and Regeneration business case and phasing of the works contained therein requires additional funding from the Council to ensure the works meets the required timescales. To mitigate this risk, a number of scenarios have been developed for phasing of the works ensuring the optimum and efficient investment in the station works bringing benefits on line with the business case assumptions.

6.5.10 The construction of Station is dependent on the Brent Cross North Partners starting on site October 2017. The investment phasing is dependent on the Brent Cross North Partners commencing on site and the development agreement (PDA) going unconditional by October 2017. The baseline programme has assumed Brent Cross North Partners commencing on site October 2017. A mitigation programme has been developed should the long stop date move back to October 2019, moving the commissioning of the station back from mid 2021 to mid 2023

6.5.11 There is a risk that capital costs associated with works impacting the operational railway could escalate. Costs associated with interventions on the operational railway tend to escalate due to a lack of key resources, Signalling, Overhead Line Electrification and railway possessions costs. To mitigate this risk, opportunities exist on this project to reduce the reliance on specialist railway contractors and construct the works in a “high-street environment” these opportunities and value engineered throughout detailed design GRIP4.

CPO

6.5.12 Affected parties failing to be identified in any potential CPO – a specialist land referencing firm, TerraQuest, have been appointed to undertake the land referencing exercise to mitigate against this risk. Also, the discussions being held by the Council and the Development Partners with those affected when seeking to acquire their land and interests are helpful in checking the parties with interests in the area.

6.5.13 Non confirmation of the CPO – to mitigate this risk the Council has retained external legal advice and Neil King QC throughout the CPO process.

6.6 **Equalities and Diversity**

6.6.1 The 2010 Equality Act which outlines the provisions of the Public Sector

Equality Duty (PSED), requires all Local Authorities to pay due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010;
- Advance equality of opportunity between people from different groups;
- Foster good relations between people from different groups;

6.6.2 This places a legal obligation on the Council to pay due regard to equalities in an appropriate and proportionate manner and to take account of how the Council's decisions might impact on different groups across the borough including those identified in equality legislation as protected characteristics, namely: Age, disability, gender, gender reassignment, marriage, civil partnership, pregnancy and maternity, sexual orientation and religion or belief.

6.6.3 Equality and diversity issues are a mandatory consideration in the decision-making of the Council. This requires elected Members to satisfy themselves that equality considerations are integrated into day to day business and that all proposals put to committees have properly taken into consideration what impact, if any, there is on any protected group and what mitigating factors can be put in train.

6.6.4 The Development Proposals support achievement of the council's Strategic Equalities Objective which sets out our commitment that citizens will be treated equally, with understanding and respect; have equal opportunities with other citizens and receive quality services provided to Best Value principles. The development proposals will reflect the council's aim that all residents are able to share in the benefits and take advantage of the opportunities of economic growth.in the borough.

6.6.5 The council intends that the development proposals will have a positive impact on all groups identified in the 2010 Equality Act and other vulnerable groups in the borough because it is designed to share the benefits of growth with all Barnet citizens and promote inclusion and community engagement and participation

6.6.6 The council is committed to improving the quality of life for all and wider participation in the economic, educational, cultural, social and community life in the Borough.

6.6.7 The development proposals for the Brent Cross Cricklewood scheme will make a significant contribution to the provision of additional, high quality affordable housing units in the Borough as well as providing employment through the creation of a new town centre with leisure, health and educational facilities. The delivery of the Thameslink Station will enhance public transport provision and improve accessibility and provide greater choice for all. It should be emphasised that a fully integrated and accessible town centre will be created as part of these proposals.

6.6.8 An Equalities Impact analysis was carried out in respect of the Outline Planning Application granted in 2010, which took fully into account the demographic makeup of the regeneration area and addressed the impact on the protected characteristics. This anticipated a significant positive impact from the regeneration proposals. This will be updated to assist the council in meeting the requirements of the Public Sector Equalities Duty.

6.6.9 The projected increase in the borough's population and changes in the demographic profile will be key factors in reflecting the aspirations and contributions of current residents.

6.6.10 The Census data of 2011 (as updated by the GLA population projections 2014) shows how Barnet is growing and changing. There has been a significant increase in the diversity of growth in the borough population and growth in older and younger generations has been particularly rapid. The over 65 population is forecast to grow by 10.4% in the next 5 years and 24% in the next decade.

6.6.11 Barnet is a racially diverse and multi faith borough and proud of community cohesion. Over a third of Barnet's citizens come from a rich diversity of black and minority ethnic groups. Christianity remains the biggest religious group (41.2%) and Barnet is home to the UK's largest Jewish community. Other significant groups are no religion (16.0%), Muslim (10.3%) and Hindu communities (6.2%).

6.6.12 Our reputation for excellent schools and green spaces makes us a popular destination for young families. These demographic changes present challenges both in the demand for services and the way we commission, deliver and continuously improve our services.

6.6.13 Barnet is a relatively affluent borough with significant pockets of deprivation and we have been successful in attracting regeneration funding to those areas in 7 major regeneration schemes. Our growth and economic strategies will reflect the importance that everyone benefits from regeneration and growth, job creation, reinvigorating communities and improved quality of life. This includes the protected characteristics outlined in the 2010 Equality Act as well as citizens and other groups in Barnet who can experience disadvantage, for example carers, lone parents and low income families, people with particular disabilities including mental health and learning difficulties, unemployed people.

6.6.14 Brent Cross Cricklewood is an opportunity to extend Barnet's success as a desirable and attractive suburb, by creating a new urban village for London which sets the tone for future evolution of the borough more widely and emphasises the need to create a place that makes residents, workers and visitors feel good – inviting people to meet and spend time in the spaces, and to walk or cycle.

6.6.15 Importantly, the requirements highlight that Brent Cross Cricklewood will be place for people of all ages, with housing mix that reflects different life stages, a range of housing tenures, and public spaces which are accessible to all. It emphasises that promoting health and wellbeing and reducing dependency will be ingrained in the place.

6.7 **Consultation and Engagement**

6.7.1 Extensive consultation has and will continue to be undertaken with key stakeholders and the community to ensure that the Brent Cross Cricklewood scheme reflects local needs including the needs of those with protected characteristics, as well as securing the future of North London's only regional shopping centre.

6.7.2 There has also been consultation and engagement with local stakeholders and the community during the planning process and the CPO process is designed to allow parties an opportunity to make representations and, if desired, attend a public inquiry and state their cases.

7 **BACKGROUND PAPERS**

7.7 Cabinet, 26 April 2004 (Decision Item 8) – approved the adoption of the Cricklewood, Brent Cross and West Hendon Development Framework as Supplementary Planning Guidance. -

7.8 Cabinet, 29 March 2005 (Decision Item 6) – agreed to enter into a Collaboration Agreement with the development partnership (Cricklewood Regeneration Limited, Hammerson and Standard Life). [http://barnet.moderngov.co.uk/Data/Cabinet/200503291900/Agenda/Document%204.pdf]

7.9 Cabinet, 5 December 2005 (Decision Item 7) – approved, amongst other matters, that 1) the Eastern Lands Addendum be adopted as Supplementary Planning Guidance; and 2) the Eastern Lands Supplementary Guidance is incorporated into the Cricklewood, Brent Cross and West Hendon Development Framework. [http://barnet.moderngov.co.uk/Data/Cabinet/200512051900/Agenda/Document%204.pdf]

7.10 Cabinet Resources Committee, 25 March 2008 (Decision Item 16) – approved the outline terms so far agreed with the Brent Cross North Partners and Cricklewood Redevelopment Limited, including the proposals for the finalisation of the financial terms, be approved in principle subject to the outcome of Counsel's advice on procurement issues, and that the finally agreed terms for the Development Framework Agreement and the Property Development Agreements be reported to a future meeting of the Cabinet for approval.

http://barnet.moderngov.co.uk/Data/Cabinet%20Resources%20Committee/200803251900/Agenda/Document%2015.pdf

7.11 Cabinet, 21 October 2009 (Decision Item 7) – approved the terms and conditions of entering into the Development Framework Agreement and the Property Development Agreements, subject to approval of the Brookfield

Europe and Hammerson Guarantor companies by the Director of Finance and the Leader of the Council, and the approval of the appropriate land transaction and financial arrangements by the Secretary of State. The approval was also subject to agreement of the plans, the historic costs and the form of the legal documents.

http://barnet.moderngov.co.uk/CeListDocuments.aspx?CommitteeId=120&MeetingId=306&DF=21%2f10%2f2009&Ver=2

7.12 Cabinet Resources Committee, 19 October 2010 (Decision Item 5) – approved the changes to the terms and conditions of the Development Framework Agreement and the two Property Development Agreements regarding Brent Cross Cricklewood (as considered and approved by Cabinet in October 2009)

http://barnet.moderngov.co.uk/Data/Cabinet%20Resources%20Committee/201010191900/Agenda/Document%203.pdf

7.13 Cabinet Resources Committee, 18 April 2013 (Decision Item 14) - noted that the Brent Cross Cricklewood Development Partners wished to modify the existing planning consent to allow re-phasing; approved that the Director for Place begin preparations to enable the Council to procure a development partner to deliver the regeneration of the southern parts of Brent Cross Cricklewood Regeneration Area and confirmed the continued appointment of the external advisors for the Brent Cross Cricklewood Regeneration project, and the procurement of appropriate additional advice, and to delegate authority to the Director for Place to deal with necessary contractual issues or arrangements.
[http://barnet.moderngov.co.uk/mgConvert2PDF.aspx?ID=8369&ISATT=1#search=%22Brent%20Cross%20%22]

7.14 Cabinet Resources Committee, 16 January 2014 (Decision Item 6) - approved the changes to the terms of the Brent Cross Property Development Agreement (as considered and approved by CRC in October 2010) and the terms for the Co-operation Agreement as set out in Section 9 of this report; authorised the Chief Executive in consultation with the Leader of the Council to agree the detail of the Brent Cross Property Development Agreement and Co-operation Agreement; approved commencement of market testing through the issue of a Prior Information Notice to inform the delivery strategy for the Brent Cross Cricklewood South area; and approve that the Council enter into negotiations with landowners to acquire land required in advance of any Compulsory Purchase Order, subject to approval of the bid for capital funding by Cabinet on 25 February 2014; and approved that the Council continue the design and development work to develop the business case and funding strategy for delivery of the Thameslink Station, subject to approval of the capital funding bid by Cabinet on 25 February 2014; and delegate authority to the Strategic Director for Growth and Environment to procure the necessary advice and consultants to progress the Brent Cross project workstreams and deal with the related contractual issues and arrangements.

[http://barnet.moderngov.co.uk/mgConvert2PDF.aspx?ID=12505&ISATT=1#search=%22Brent%20Cross%20%22]

7.15 Assets, Regeneration and Growth Committee dated 9 July 2014 approved the procurement of a partner for the Brent Cross Cricklewood South development through an OJEU Negotiated route in accordance with the Brent Cross South Procurement and Delivery Strategy, and approved the Council's requirements for the Brent Cross Cricklewood South opportunity; and noted procurement timetable and that to meet this timetable an additional meeting would be needed to approve the selection of a preferred partner, which would be called in accordance with statutory requirements and the Council's constitution. [*http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7960&Ver=4]*

7.16 Assets, Regeneration and Growth Committee dated 8 September 2014 approved that the appropriate Chief Officers be authorised to negotiate and enter into agreements to acquire by private treaty the land and interests in the areas shown on the plan at Appendix 1 and to approve and enter into agreements and undertakings with the owners and/or occupiers of the land in the said areas so as to facilitate its acquisition and that the appropriate Chief Officers be authorised to arrange for a land referencing exercise (including the service of statutory requisitions) to be undertaken to identify all parties with interests in the land shown edged red and shaded pink and shaded blue on the plan at Appendix 1.

http://barnet.moderngov.co.uk/documents/s17302/Brent%20Cross%20Cricklewood%20-%20Report.pdf

7.17 Assets, Regeneration and Growth Committee dated 15 December 2014 noted progress on the Brent Cross Cricklewood project.

http://barnet.moderngov.co.uk/documents/s19845/BXC%20update%20-%20Publish.pdf

7.18 Urgency Committee, 26 February 2015 (Decision Item 1)

https://barnetintranet.moderngov.co.uk/documents/s21721/Annex%201%20Report%20to%20Urgency%20Committee%2026%20February%202015.pdf

7.19 Full Council dated 3 March 2015 approved the appointment of Argent and Related Companies PLC (Bidder Z) as the Council's preferred development partner for the Brent Cross Cricklewood South Scheme; the selection of Gateway Barnet consortium comprising Far East Consortium, Countryside Properties and Notting Hill Housing Trust (Bidder Y) as the Council's reserve development partner for the Brent Cross Cricklewood South Scheme; authorise Officers to work up the Business Plan, Project Agreement and documentation necessary to form the joint venture for consideration and approval by Assets, Regeneration and Growth Committee prior to formally entering into the joint venture contract and authorised the Commissioning

Director (Growth and Development) to determine the exact structure of the joint venture arrangement.

http://barnet.moderngov.co.uk/documents/g7819/Public%20reports%20pack%2003rd-Mar-2015%2019.30%20Council.pdf?T=10

7.20 Full Council dated 3 March 2015 approved that a compulsory purchase order (CPO) be made pursuant to the powers in section 226(1)(a) of the Town and Country Planning Act 1990 (as amended) for the acquisition of the land shaded pink on the plan at Appendix 1 and pursuant to section 13 of the Local Government (Misc Provisions) Act 1976 to acquire new rights in respect of the land shaded blue on the said plan to deliver (CPO1); That the appropriate Chief Officers be authorised to settle the final form and content of the CPO and associated documentation and take all action needed to pursue the CPO and secure its confirmation; That the appropriate Chief Officers be authorised, following the confirmation of the CPO, to implement the CPO powers and acquire title to and/or take possession of the land ; That the appropriate Chief Officers be authorised to carry out the necessary procedures under Part 11 of the Housing Act 1985 and to use Ground 10A to obtain vacant possession of Council owned dwellings that are occupied by secure tenants in the area shown shaded pink on the plan at Appendix 1 ; that the appropriate Chief Officers be authorised to approve the service of Initial and Final Demolition Notices as required pursuant to the Housing Act 2004 to suspend the right to buy on properties due for demolition which are situated on the Whitefield Estate but fall within the Brent Cross North Development and on the Rosa Freedman Centre; and that the appropriate Chief Officers be authorised to take all necessary steps to re-house secure tenants from the Sheltered Housing Units at Rosa Freeman and to pay statutory home loss and disturbance to those tenants.

http://barnet.moderngov.co.uk/documents/g7819/Public%20reports%20pack%2003rd-Mar-2015%2019.30%20Council.pdf?T=10

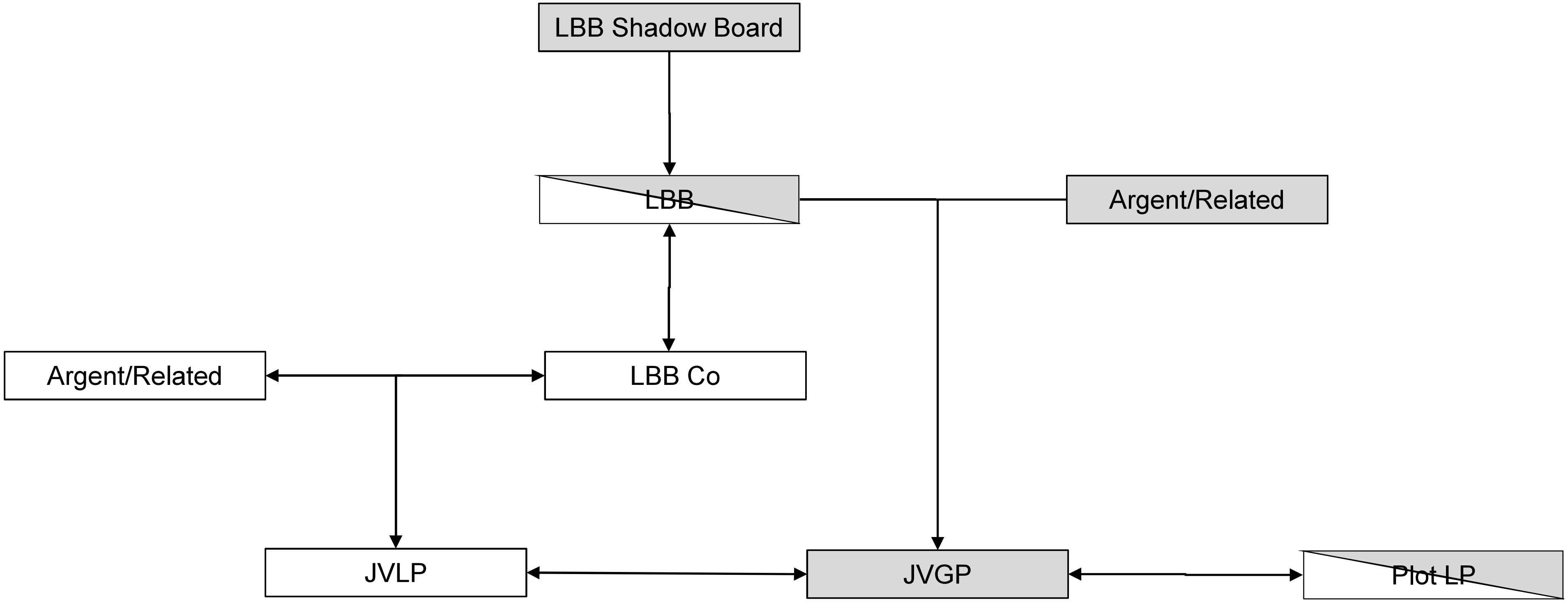
7.21 Full Council on 3 March 2015 approved that a compulsory purchase order (CPO) be made pursuant to the powers in section 226(1)(a) of the Town and Country Planning Act 1990 (as amended) for the acquisition of the land to deliver the first south side phase (known as CPO2) shaded pink on the plan at Appendix 1 ; That the appropriate Chief Officers be authorised to settle the final form and content of the CPO and associated documentation and take all action needed to pursue the CPO and secure its confirmation; That the appropriate Chief Officers be authorised, following the confirmation of the CPO, to implement the CPO powers and acquire title to and/or take possession of the land; That the appropriate Chief Officers be authorised to carry out the necessary procedures under Part 11 of the Housing Act 1985 and to use Ground 10A to obtain vacant possession of Council owned dwellings that are occupied by secure tenants in the area shown shaded pink on the plan at Appendix 1 and that the appropriate Chief Officers be authorised to approve the service of Initial and Final Demolition Notices as required pursuant to the Housing Act 2004 to suspend the right to buy on properties due for demolition which are situated on the Whitefield Estate but fall within the Brent Cross South Development..

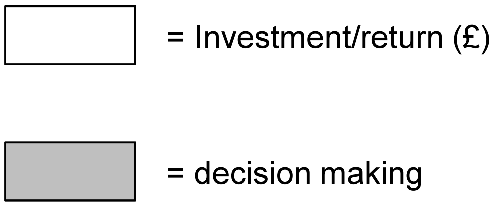
http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MID=7819#AI11444

7.22 Assets, Regeneration and Growth Committee dated 1 June 2015 noted progress on the Brent Cross Cricklewood project; A) approved the terms for the draft Collaboration Agreement between the Council and Argent and Related Companies as set out in the Exempt Report; B) authorised the Chief Executive in consultation with the Leader of the Council to agree the detail of the Collaboration Agreement; Confirmed as a matter of principle, that the Council is prepared to use its compulsory purchase powers pursuant to section 226(1)(a) of the Town and Country Planning Act 1990 (as amended) to acquire the land edged red on the plan at Appendices A & B; noted that a) the appropriate Chief Officers are commencing negotiations to acquire by private treaty the land and interests in the areas required to deliver the Thameslink Station as shown on the plan at Appendices A & B and to approve and enter into agreements and undertakings with the owners and/or occupiers of the land in the said areas so as to facilitate its acquisition; and that the appropriate Chief Officers are undertaking the work needed to prepare for a possible Compulsory Purchase Order (CPO) together with the associated documentation and, if necessary, will bring a further report back to the Committee seeking authority to make a CPO in respect of the land shown on the plan at Appendix C.

7.23 http://barnet.moderngov.co.uk/documents/s23463/Brent%20Cross%20Cricklewood%20Station%20Project%20Update%20-%20REPORT.pdf

Corporate structure





This page is intentionally left blank

Appendix 2

Areas for Shareholder Decision as required by the Brent Cross South Shareholder and Project Agreements (Draft)

- Council approval of Business Plan.
- Council approval of material amendments to the Business Plan.
- Council approval of phase proposals if materially different from the Business Plan or other exceptional circumstances following a reference to shareholders from the board.
- Material or persistent changes to the delivery programme.
- Matters relating to Council's Land Contribution Consideration.
- Statutory responsibilities or wider corporate objectives, having regard to the commissioning plans of relevant theme committees.
- Enforcement of obligations following a reference to shareholders from the Board or where a particular matter is reserved to the shareholders.
- Matters relating to default and expiry of drawdown conditions and longstop dates.
- Making representations where a matter of dispute is referred to an Independent Person.
- Updates / changes to the Financial Model or Financial Model Guidelines.
- Funding and debt arrangements if not envisaged by the Shareholder Agreement, Project Agreement and approved Business Plan.
- Any change to the Articles or rights attaching to any of the shares to the GP.
- Any changes to the name of the GP.
- Any changes to the nature of the Business or commencing any new business of the GP.
- Any change to accounting dates / policies of the GP.
- Any change to Auditors of the GP.
- Termination / Insolvency

Note: This list may be subject to change / alteration once the Shareholder Agreement and Project Agreement have been considered by the Assets, Regeneration and Growth Committee on 17 March 2016.

This page is intentionally left blank

AGENDA ITEM 11.5

Council

1 March 2016

Title	**Report of the General Functions Committee - Approval of the Annual Pay Policy Statement**
Report of	Chief Executive
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix 1 – Report to the General Functions Committee, 18 February 2016 Annex A – Pay Policy Statement
Officer Contact Details	Graeme Lennon, HR Director , Graeme.Lennon@Barnet.gov.uk

Summary

Local Authorities have to publish a Pay Policy Statement on the 1 April each year. This report seeks approval of the Council's annual Pay Policy Statement (Annex A) which was endorsed by the General Functions Committee on 18 February 2016. Subject to approval by Full Council, it will be published on 1 April 2016.

Recommendation

That Council approves the annual Pay Policy Statement for the financial year 2016/17 (Annex A)

1. WHY THIS REPORT IS NEEDED

1.1 Section 38(1) of the Localism Act 2011 requires local authorities to produce and publish an annual Pay Policy Statement.

1.2 On 18 February 2016 the General Functions Committee reviewed the Council's Pay Policy Statement for the financial year 2016/17 and resolved to recommend it for approval by Council.

1.3 Council is responsible (in accordance with section 1.20 of the Responsibility for Functions) for approval of the annual pay policy statement.

1.4 Council are requested to note that the table at section 3.4 of Annex A was updated at the General Functions Committee. The updated table is included in Annex A.

2. REASONS FOR RECOMMENDATION

2.1 As set out in the report to the General Functions Committee, 18 February 2016.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 As set out in the report to the General Functions Committee, 18 February 2016.

4. POST DECISION IMPLEMENTATION

4.1 The Pay Policy Statement requires endorsement by Full Council on 1 March 2016 prior to publication on 1 April 2016.

5. IMPLICATIONS OF DECISION

5.1 **Corporate Priorities and Performance**

5.1.1 As set out in the report to the General Functions Committee, 18 February 2016.

5.2 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 As set out in the report to the General Functions Committee, 18 February 2016.

5.3 **Social Value**

5.3.1 As set out in the report to the General Functions Committee, 18 February 2016.

5.4 **Legal and Constitutional References**

5.4.1 As set out in the report to the General Functions Committee, 18 February 2016.

5.4.2 Constitution, Responsibility for Functions – sets out the functions of Full Council including approval of the annual Pay Policy Statement

5.5 **Risk Management**

5.5.1 As set out in the report to the General Functions Committee, 18 February 2016.

5.6 **Equalities and Diversity**

5.6.1 As set out in the report to the General Functions Committee, 18 February 2016.

5.7 **Consultation and Engagement**

5.7.1 As set out in the report to the General Functions Committee, 18 February 2016.

5.8 **Insight**

5.7.2 As set out in the report to the General Functions Committee, 18 February 2016.

6. BACKGROUND PAPERS

6.1 None

This page is intentionally left blank

UNITAS EFFICIT MINISTERIUM	**General Functions Committee** **18 February 2016**
Title	**Pay Policy Statement**
Report of	Graeme Lennon, HR Director
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Pay Policy Statement
Officer Contact Details	Graeme Lennon, HR Director , Graeme.Lennon@Barnet.gov.uk

Summary

Local Authorities have to publish a Pay Policy Statement on the 1 April each year. This report introduces a draft Pay Policy Statement for endorsement by the General Functions Committee prior to final approval being sought by Full Council on 1 March and subsequent publication on 1 April 2016.

Recommendation

1. **That the General Function Committee reviews the Council's Pay Policy Statement for the financial year 2016/17 and to recommend it for approval by Council on 1 March 2016.**

1. WHY THIS REPORT IS NEEDED

1.1 Section 38(1) of the Localism Act 2011 requires local authorities to produce and publish an annual pay policy statement.

2. REASONS FOR RECOMMENDATION

2.1 To comply with the Localism Act, associated statutory guidance, including the transparency requirements on remuneration as set out in the Code of Recommended Practice for Local Authorities on Data Transparency issued by the Department for Communities and Local Government in September 2011and the council's constitution.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 The proposal arises from the statutory obligation cited in sections 1.1 and 2.1 and as such alternative options have not been considered in the context of this report.

4. POST DECISION IMPLEMENTATION

4.1 The Pay Policy Statement requires endorsement by Full Council on 1 March 2016 prior to publication on 1 April 2016.

5. IMPLICATIONS OF DECISION

5.1 **Corporate Priorities and Performance**
5.1.1 No applicable

5.2 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**
5.2.1 Not Applicable.

5.3 **Social Value**
Not applicable

5.4 **Legal and Constitutional References**
5.4.1 Section 38(1) of the Localism Act 2011 requires local authorities to produce an annual pay policy statement.

5.4.2 The General Functions Committee (appointed by Council) has responsibility for decisions related to the pay and terms and conditions of employment for staff (other than those within the remit of the Chief Officer Appointment Panel[1]) in accordance with section 15 (Annex A) of the Constitution – Responsibility for Functions.

5.4.3 Included within its responsibilities, is the duty to develop and publish the annual pay policy statement for approval by Council (being its parent body) which will comprise:

- the level and elements of remuneration for each Chief Officer
- relationship of the remuneration of Chief Officers and other officers
- a description of the relationship between decisions made on the lowest paid and top paid employees in the organisation

[1] The Chief Officer Appointment Panel deals with chief officer appointments, discipline and capability matters.

- remuneration of the lowest paid (with the definition of the lowest paid and the reasons for adopting that definition)
- remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses, termination payments
- transparency arrangements
- reasons for chosen approach to remuneration levels and how this is to be implemented
- differences of approach to groups of employees and the reasons for them
- pay dispersion
- incremental progression factors
- use of honoraria and ex-gratia payments
- determination of remuneration parameters for officers who have returned to work for a local authority
- appointment and remuneration term.

5.4.4 In addition (to other responsibilities listed in Annex A to the Responsibility for Functions) the committee must review remuneration annually and ensure that sufficient flexibility exists within the pay policy to allow responses to unforeseen circumstances without having recourse to revising the policy between annual reviews.

5.4.5 Council is asked to consider the General Functions Committee's recommendation(s) and is ultimately responsible (in accordance with section 1.20 of the Responsibility for Functions) for approval of the annual pay policy statement.

5.5 **Risk Management**
5.5.1 Not applicable

5.6 **Equalities and Diversity**
5.6.1 Not applicable

5.7 **Consultation and Engagement**
5.7.1 Not applicable

5.8 **Insight**
5.8.1 Not applicable

6. BACKGROUND PAPERS

6.1 There are no background papers.

This page is intentionally left blank

ANNEX A

London Borough of Barnet

Pay Policy Statement 2016/17

Published
April 2016

1 Background

Localism Act 2011 - Openness and accountability in local pay

1.1. Section 38(1) of the Localism Act requires local authorities to produce an annual pay policy statement.

1.2. The provisions in the Act do not seek to change the right of each local authority to have autonomy on pay decisions, however it emphasises the need to deliver value for money for local taxpayers.

1.3. This statement has been approved by Council and any further changes during the year will be brought back to Council for adoption.

1.4. This statement does not cover schools.

Related Remuneration and Transparency Context

1.5. The Council follows the transparency requirements on remuneration as set out in the Code of Recommended Practice for Local Authorities on Data Transparency issued by the Department for Communities and Local Government in September 2011 and specific guidance relevant to the Localism Act issued by the Department in February 2012 and February 2013.

1.6. Part of the Code of Recommended Practice for Local Authorities on Data Transparency includes publishing information relating to senior salaries within a local authority. A full list of all posts that are paid more than £58,200 is published on the Council's website. See https://barnet.gov.uk/citizen-home/council-and-democracy/finance-and-funding/financial-statements-budgets-and-variance-reports/senior-salaries.html

2. Governance arrangements for pay and conditions of service within London Borough of Barnet

2.1. The General Functions Committee (appointed by Council) has responsibility for decisions related to the pay and terms and conditions of employment for staff (other than those within the remit of the Chief Officer Appointment Panel[1]) in accordance with section 15 (Annex A) of the Constitution – Responsibility for Functions.

2.2. Included within its responsibilities, is the duty to develop and publish the annual pay policy statement for approval by Council (being its parent body) which will comprise:

- the level and elements of remuneration for each Chief Officer
- relationship of the remuneration of Chief Officers and other officers
- a description of the relationship between decisions made on the lowest paid and top paid employees in the organisation

[1] The Chief Officer Appointment Panel deals with chief officer appointments, discipline and capability matters.

- remuneration of the lowest paid (with the definition of the lowest paid and the reasons for adopting that definition)
- remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses, termination payments
- transparency arrangements
- reasons for chosen approach to remuneration levels and how this is to be implemented
- differences of approach to groups of employees and the reasons for them
- pay dispersion
- incremental progression factors
- use of honoraria and ex-gratia payments
- determination of remuneration parameters for officers who have returned to work for a local authority
- appointment and remuneration term.

2.3. In addition (to other responsibilities listed in Annex A to the Responsibility for Functions) the committee must review remuneration annually and ensure that sufficient flexibility exists within the pay policy to allow responses to unforeseen circumstances without having recourse to revising the policy between annual reviews.

2.4. Council is asked to consider the General Functions Committee's recommendation(s) and is ultimately responsible (in accordance with section 1.20 of the Responsibility for Functions) for approval of the annual pay policy statement.

3. Remuneration arrangements for all employees

Introduction

3.1. This section sets out the remuneration arrangements for London Borough of Barnet employees.

Senior Management

3.2. The Senior Management Team's pay and reward arrangements include:

- Market based pay structure which links job size to the mid point between Median and Lower Quartile Pay data
- Evaluation of all roles using Hay job evaluation scheme to size the role.
- Pay Grade reflect job sizes and evaluated roles are slotted according to the evaluated job size
- Automatic enrolment into Local Government Pension Scheme (LGPS)
- Base pay reviewed by General Functions Committee - these roles are outside national pay bargaining
- 30 days annual leave
- Sick pay is a maximum of six months at full pay and three months at half pay

Rest of the Council

3.3. The Council is reviewing its pay and reward arrangements for all other employees. Current arrangements are:

- Base pay negotiated through collective bargaining arrangements administered by the Local Government Association
- Adoption of the National Joint Council (NJC) for Local Government Services (LGS) pay spine
- Evaluation of all roles using systematic job evaluation.
- Roles placed on the pay spine using job evaluation
- Automatic enrolment into Local Government Pension Scheme (LGPS)
- Other terms and conditions of employment, such as entitlement to sick pay and annual leave, are governed by the NJC LGS

Pay Scales - Senior Management Team

.

3.4. The Senior Management grade structure and salaries were agreed by Remuneration Committee on 28 June 2012. The Remuneration Committee was disbanded at the conclusion of the 2014/15 municipal year with its responsibilities being assumed by the General Functions Committee and Chief Officer Appointment Panel. The General Functions Committee (subject to Council approval) sets the pay rates applicable to the grade structure on an annual basis and this pay policy statement is updated. The table below sets out the salaries associated with the pay grades for the Senior Management Team and the Statutory Officer posts. Salaries are reviewed during April each year and an updated pay policy statement is approved and published by the Council as necessary.

Pay Grade	Pay point for Entry On 1 April 2016	Pay point for Developing On 1 April 2016	Pay point for Fully Competent On 1 April 2016	Chief Officer and Senior Management Posts
1	£177,613	£182,613	£187,613	Chief Executive*
2	£148,464	£153,464	£158,464	Chief Operating Officer (Section 151 Officer)*; Strategic Director for Commissioning*
3	£124,870	£129,870	£134,870	Commissioning Director for Children & Young People* (incorporates statutory Director of Children's Services); Commissioning Director for Adults & Health* (incorporates Statutory Director for Adults and Social Services) Delivery Unit Director(Family Services)

Pay Grade	Pay point for Entry On 1 April 2016	Pay point for Developing On 1 April 2016	Pay point for Fully Competent On 1 April 2016	Chief Officer and Senior Management Posts
4	£103,846	£108,846	£113,846	Assurance Director (Monitoring Officer)* Commissioning Director for Growth & Development* Commissioning Director for Environment* Resources Director Director of Strategy & Communications Commercial Director Delivery Unit Director(Adults & Communities)
5	£85,139	£89,869	£94,599	Non-chief officer posts – mainly Assistant Director posts and Heads of Service
6	£71,511	£75,484	£79,457	
7	£57,950	£61,170	£64,389	

***Chief Officer posts**

3.5. Each Pay Grade comprises 3 pay points Entry, Developing and Fully Competent. The Fully Competent pay point reflects the evaluated level of the job. The Council does not pay beyond the evaluated level of the job and there is no automatic progression between each level within the Grade.

3.6. The appropriate pay point at recruitment will normally depend upon the applicant's assessed level of competence.

3.7. All chief officer appointments will be conducted by the Chief Officer Appointment Panel, which comprises five elected members appointed to the panel by Council. The Panel includes the Leader of the Council, the Deputy Leader of the Council, the Chairman of the General Functions Committee, the Leader of the opposition and a further member of the opposition group. The post holder's remuneration will be voted on by the General Functions Committee and reported to Council at the earliest opportunity.

3.8. In accordance with supplementary guidance issued by the Department for Communities and Local Government, Council have been given the opportunity to vote on Chief Officer salary packages, salaries at or above £100,000 per annum and any severance packages per individual of £100,000 or more (see section 4 below). Council delegated this function to the General Functions Committee.

3.9. The General Functions Committee is responsible for the appointment of all chief officers with the exception of the Head of Paid Service (Chief Executive) as Council retains the responsibility to confirm the appointment or dismissal of the Head of Paid Service (section 1.14 of the Responsibility for Functions).

Pay Scales - Rest of the Council

3.10. The council in accordance with its single status agreement currently has two pay bands in operation for the remainder of the Council as follows:

Pay Band	Relevant employees	Lowest Pay Point on 1 April 2016	Highest Pay Point on 1 April 2016
Hayband 4	Senior Managers and some professional staff	£49,082*	£64,528*
Barnet Broadband	All other employees	£16,242*	£66,916*

* National pay award pending with effect from 1 April 2016

3.11. The evaluated grade for a role is normally 4 spinal column points. However the Single Status Agreement allows for some discretion in the number of spinal column points within a grade ranging from single spot grade through to a career grade; this discretion must be in line with the single status agreement.

3.12. The pay point on recruitment is normally at the bottom point of the grade for each post unless there is a justifiable reason for doing otherwise. An example might be that for particular roles there is difficulty in recruitment and retention and to ensure that the successful candidate accepts the job offer a salary above the bottom of the grade is required.

3.13. Progression through the grade is through annual increments until the top of the pay grade is reached.

Barnet Living Wage

3.14. The Council has developed a fair pay policy to ensure that it applies a minimum wage for Council employees.

"London Borough of Barnet is a fair pay employer and will apply the principles of a living wage (including taking into account the National Minimum Wage, National Living Wage, London Living Wage and national pay awards in the public sector), subject to affordability."

3.15. Employees whose pay rate is less than the agreed amount will receive a pay supplement to bring their pay up to an equivalent of the published Barnet Living Wage rate. The minimum rate will be reviewed on an annual basis.

Other Elements of Remuneration

Pay Protection

3.16. The Council's Managing Organisational Change Policy is applicable to all employees and sets out the Council's pay protection policy.

Honoraria

3.17. The Council has an Honoraria Policy applicable to all employees which sets out when Honoraria may be paid, the payment calculation and the period of payment. Any Honoraria payments must be agreed at Assistant Director level or above.

Market Factor Supplements

3.18. The Council has a Market Factor Supplement Policy applicable to all employees which describes when and how the Council may pay beyond the evaluated level of the job. Any market payment will need to be supported by clear market evidence before it can be brought into payment.

Other

3.19. The Council does not pay bonuses or performance related pay to senior managers.

3.20. The Council does not offer any benefits in kind.

3.21. The Council does not use ex-gratia payments.

Payment for election duties

3.22. The role of Returning Officer is considered to be secondary employment and any Senior Officer undertaking this role will be expected to either take annual leave or special unpaid leave when fulfilling this function.

3.23. Any employee who undertakes election duties is paid for this through the Returning Officer. The level of Fees & Charges payable for election duties are set by the Cabinet Office & London Councils.

Pension Arrangements

3.24. The percentage rate of contributions is set according to pension regulations.

3.25. Employees of the London Borough of Barnet are automatically enrolled into the LGPS but can opt out if they so wish.

3.26. All pension matters are dealt with by LGPS Scheme Rules.

Redundancy Terms

3.27. The Council's Managing Organisational Change Policy is applicable to all employees, including Chief Officers, and Head of Paid Service, and sets out redundancy compensation.

3.28. Compensation is calculated as 1x actual salary x number of weeks. Number of weeks is calculated using the statutory matrix of Age and Years of Completed Service. The minimum is 1 week's actual gross pay and the maximum is 30 weeks.

3.29. The Council's redundancy terms do not enhance pension entitlements.

3.30. The Council as part of its duty to mitigate the consequences of redundancy puts in place appropriate employee support, which includes career advice, workshops and trial periods for employees.

Appointment and Remuneration Terms

3.31. The Council appoints to roles on a variety of terms and the final decision about the appointment and remuneration terms will be a reflection of the requirements of the role; the evaluated level of the role; the longevity of the role; budgetary constraints and broader value for money considerations.

4. Severance arrangements

4.1. The Council does not enhance severance packages beyond statutory and contractual entitlements. In practice this means severance package consist of redundancy pay (see 3.6), any holiday pay the employee is contractually entitled to and pension payments that the employee is entitled to in accordance with the Local Government Pension Scheme (LGPS).

4.2. Where an employee is aged 55 or above and is made redundant then by virtue of the LGPS scheme rules the employee's pension will automatically come into payment. It should be noted that an employer cost, known as 'Pension Strain' will be crystallised and is a cost to be paid by the employer to LGPS.

4.3. For the purposes of calculating the component parts of a severance package this will include:

- redundancy pay
- holiday entitlement earned but not taken
- 'pension strain' cost payable by the Council to the Pension Scheme.

4.4. Council has been given the opportunity to vote on severance packages at or above £100,000 per annum and have delegated this function to the General Functions Committee.

5. Relationship between the remuneration of its chief officers, and the remuneration of its employees who are not chief officers

Remuneration of the Lowest Paid

5.1. The definition of the lowest paid is based on the Council's living wage - see section 3.13.

Pay Dispersion

5.2. The highest paid role in the Council is the Chief Executive with earnings of £187,613. The median average paid role is £28,104 and this covers a wide range of roles. The ratio between the highest paid in the authority (Chief Executive Officer) and the median average paid role is 1:6.7. The lowest paid role in the Council is scp 5 earning £16,242 per annum but this is subject to the Council's living wage supplement (see section 3.13 to 3.15). The ratio between the highest and lowest paid roles is 1:10.6. The lowest paid includes the Council's living wage supplement.

5.3. A comparison between the current year and previous year is shown below:

Description	2013/14	2014/15	2015/16	2016/17
Highest Paid	£187,613	£187,613	£187,613	£187,613
Median	£28,800	£25,710	£27,251	£28,104
Lowest paid	£14,697	£16,518	£16,518	£17,645
Highest to median ratio	1:6.5	1:7.3	1:6.9	1:6.7
Highest to lowest ratio	1:12.8	1:11.4	1:11.4	1:10.6

Elements of Chief Officer Remuneration

5.4. All Chief Officers receive only base pay. In common with all other roles in the Council if there was clear market evidence that the evaluated level of the job did not reflect the market then a market supplement would be considered. Any market supplement would need to be agreed by the General Functions Committee.

6. Staff moving posts within the public sector

6.1. The Council operates a recruitment policy based on merit - in line with section 7 the Local Government and Housing Act 1989.

6.2. Should a successful candidate be in receipt of a severance payment or pension the London Borough of Barnet applies the Rules of the Local Government Pension Scheme and Modification Order to manage the following scenarios, should they occur:

- Where previously employed by the same authority, left with a severance or redundancy payment, and have come back as a Chief Officer
- Are in receipt of a Local Government Pension Scheme or Firefighter pension (whether their previous service was with the same authority or not).

6.3. Where the successful candidate was previously employed by the Council then there would normally be a six month break before the Council would re-employ either as an employee or under a contract for services

7. Publication of and access to information regarding remuneration of Chief Officers

7.1. Remuneration information about Chief Officers is published on the London Borough of Barnet's website which is accessible to all members of the public.

7.2. The Council's Annual Accounts set out actual remuneration including all elements of pay for roles paid above £58,200. These accounts are published on the Council's website.

8. Amendments to this Pay Policy Statement

8.1. There is a requirement to keep this Pay Policy Statement as up to date as possible. Therefore, mid-year amendments to the statement will be approved and published by the Council as appropriate.

8.2. The Council is currently negotiating changes to the pay and grading structure and terms of employment. A revised Pay Policy Statement will be considered by the Council once negotiations have been concluded and new arrangements are to be implemented.

April 2016

AGENDA ITEM 12.1

COUNCIL

1 March 2016

Title	**Members' Allowance Scheme 2016/17**
Report of	Monitoring Officer
Wards	Not Applicable
Status	Public
Enclosures	Appendix A: The Remuneration of Councillors in London –Report of the Independent Panel Appendix B: Proposed Members' Allowances Scheme
Officer Contact Details	Andrew Charlwood, Head of Governance andrew.charlwood@barnet.gov.uk 020 8359 2014 Kirstin Lambert, Governance Team Leader Kirstin.lambert@barnet.gov.uk 020 8359 2177

Summary

The Council is required, if it wishes to pay such allowances, to adopt a Members' Allowances Scheme on an annual basis with effect from 1 April each year.

The proposed Members' Allowances Scheme is based on the current Scheme, which was adopted by Council on 3 March 2015 for the 2015/16.

Recommendation

1. **That Council have regard to the recommendations of the Independent Panel on the Remuneration of Councillors in London as attached as Appendix A.**
2. **That Council approve the Members' Allowances Scheme attached as Appendix B for 2016/17 with effect from 1 April 2016.**

1. WHY THIS REPORT IS NEEDED

1.1 The Council is required under the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) to agree on an annual basis a schedule of Allowances payable to Members' for the following financial year. Under the regulations, when making or amending a scheme, the Council is required to have regard to the recommendations of an Independent Remuneration Panel (section 19).

1.2 The Members Allowance Scheme is comprehensive and includes Basic Allowances, Special Responsibility Allowances (for posts which carry specific responsibilities) and other allowances and expenses that may be claimed.

1.3 Council at its meeting on 3 March 2015 approved a revised schedule of Allowances that reflect responsibilities under the new Committee System. The adopted scheme formed part of the formal Members Allowance Scheme which is incorporated within the Council's Constitution. That scheme had regard to the recommendations in the June 2014 report of the London-wide Independent Remuneration Panel convened by London Councils (see Appendix A). That report noted there is now considerable congruity in the basic allowance made by the London Boroughs. It noted however most London Boroughs have not adopted the panel's recommendations in their entirety. It should also be noted that that the London Councils recommendations do not explicitly consider the Committee System which Barnet now operates and as such some of the Bands are not comparable.

1.4 The regulations state that before the beginning of each year the authority shall make a scheme for the basic allowances for that year.

1.5 The proposed scheme of allowances for 2016/17 does not change the allowance rates from those agreed for 2015/16. This includes recommendations that:

1.5.1 London Councils previously recommended that Member allowances are linked to the annual local government pay settlement which would ensure that councillors can receive annual increases which are in line with those received by staff. To date, Barnet has not agreed that the scheme should be tied to the annual government pay settlement.

1.5.2 If members take on extra work and responsibilities through undertaking external appointments, then they should be entitled to retain the remuneration attracted by those responsibilities. The Member Allowance Scheme as attached to Appendix B states the following "where a member of the authority is also a member of another authority that member may not receive allowances from more than one authority in respect of the same duties".

1.5.3 The payment to Councillors of an allowance ('the Dependents Carer Allowance') in respect of the expenses of arranging for the care of children or dependents when the Councillor attends meetings or is engaged in other official duties. Ordinary care should be remunerated at not less than the London living wage £8.60 per hour, and (on presentation of proof of expense) payment should be made at a higher rate when specialist nursing skills are required. The Members Allowance Scheme as set out in Appendix B includes an allowance of £7.00 per hour for a maximum of 8 hours which is below the rate previously recommended by London Councils, but in accordance with the rate agreed by Council in March 2015.

1.5.4 Continuance of special responsibility allowances in the case of sickness, maternity and paternity leave in the same terms that the council's employees enjoy such benefits. The Members Allowance Scheme at Appendix B is silent on continuance of SRA in the event of sickness, maternity and paternity however notes that only the following circumstances mean that the SRA is altered

- the scheme is amended
- the councillor is newly elected
- the councillor ceases to be a councillor
- the councillor accepts or gives up a position eligible for a special responsibility allowance.

1.5.5 The basic allowance should cover all reasonable out-of-pocket expenses incurred by councillors including intra-borough travel costs and expenses. The Members Allowance Scheme at Appendix B considers travel outside of the borough.

2. REASONS FOR RECOMMENDATIONS

2.1 The Members Allowance Scheme for 2016/17 requires the approval of full Council. Council is required to ensure the Scheme meets all the requirements of statute including the period the scheme covers and consideration of the findings of the Independent Panel Report.

2.2 The Scheme chosen reflects the special responsibilities of members under the Committee system and is within the lower range of the London Councils recommendations.

2.3 The Scheme has been drafted on the basis that Council still wishes to pay the Basic and Special Responsibility allowances proposed adopted by Council on 3 March 2015.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 Fully implementing the recommendations of the June 2014 report of London Councils Panel, even at median levels, would result in additional expenditure by the Council compared to current budget provision. This is not sustainable in light of the Budget Planning for 2015/16 – 2019/20 report agreed by the Council on 3 March 2015.

3.2 Council could refuse to adopt the proposed Members' Allowances Scheme for 2016/17. This is not recommended as the implementation of the scheme is required to regulate the remuneration of Members in respect of council business undertaken.

4. POST DECISION IMPLEMENTATION

4.1 Following approval by the Council of a Scheme, a notice will be advertised pursuant to Section 16 of the Regulations.

4.2 The approved Scheme will become operational with effect from 1st April 2016.

4.3 A further report for review on Members Allowances for 2017/18 will be brought to Council before 31 March 2017 with a view to agreeing a scheme for the following municipal year.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The proposed Scheme of Members Allowances has contributed towards delivering the corporate savings required in the 2015/16-2019/20 Spending Review agreed by Council on 3 March 2015.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 The 2015/16 Members Allowances budget was £1,316,290. The 2016/17 budget proposes savings of approximately £196,000 from the Members Allowances budget (reduced to £1,105,390) due to savings arising from the adoption of the Committee System form of governance and from restricting the number of SRAs that can be paid. These changes were made to the scheme in 15/16 – no further changes are currently proposed for 16/17. However, Council has agreed to set up a Standards Committee with an independent chair and Constitution, Ethics and Probity Committee is to consider a report on the recruitment of independent members. If it wishes to recommend any changes to the allowance for the independent members as a result of the chairing duties, it will make a recommendation to full Council accordingly.

5.3 Legal and Constitutional References

5.3.1 There is a requirement that councils must make any scheme for the following year to commence on 1 April. Schemes can be amended at any time but new schemes can be introduced only from the start of each year commencing on 1 April. The approval of Council is necessary to any amendments to existing schemes or the adoption of new schemes.

5.3.2 Regulations relating to members' allowances require the publication of the report of the Independent Remuneration Panel, the scheme of allowances and details of the total sums paid to each member under each category of allowance in each year. The statutory guidance on the publicity requirements suggests that details of allowances paid are made available on the council's website together with information on the responsibilities of elected members and the duties and time commitment which the basic allowance is intended to remunerate.

5.3.3 Responsibility for adopting a Members' Allowances Scheme is attributable to Council in accordance with paragraph 1.10 of the Responsibility for Functions section of the Council's Constitution.

5.4 **Risk Management**

5.4.1 Failure to agree a scheme may render the council in breach of its statutory duty.

5.5 **Equalities and Diversity**

5.5.1 These proposals do not adversely compromise the Council's public sector equalities duty under the 2010 Equality Act.

5.6 **Consultation and Engagement**

5.6.1 An advertisement setting out details of the Scheme itself will be published as soon as practicable after Council has made its decision.

6. BACKGROUND PAPERS

6.1 London Borough of Barnet website, Currently Elected Councillors Allowances and Expenses: https://www.barnet.gov.uk/citizen-home/council-and-democracy/democracy-and-elections/currently-elected-councillors/allowances-and-expenses.html

The Remuneration of Councillors in London 2014

Report of the Independent Panel

Introduction

The Local Authorities (Members' Allowances) (England) Regulations 2003 ('the Regulations') authorise the establishment by the Association of London Government (now London Councils) of an independent remuneration panel to make recommendations in respect of the members' allowances payable by London boroughs. Such a panel ('the Panel') was established and reported in 2001, 2003, 2006 and 2010. It has been re-constituted and now comprises Sir Rodney Brooke CBE DL (Chair), Steve Bundred and Anne Watts CBE.

The Regulations require a review of the scheme every four years as a minimum. The current Panel has therefore completed a review of remuneration for councillors in London. We present our findings and recommendations in this report.

As a preparation for our work, we invited all London boroughs to give their views on the operation of the existing scheme. We also invited comments from the Leaders' Committee of London Councils. We are grateful for the feedback, which confirms that the existing London scheme of members' allowances is still fit for purpose. We make recommendations accordingly.

The role of elected members

In our previous reports we reflected on the importance of the role of elected members. We repeat at Appendix B the job profile for councillors which we included in our 2010 report. In that report, we quoted the Government-appointed Councillors' Commission. The Commission took the view (which we continue to share) that: 'Allowances should be set at a level that enables people to undertake the role of councillor while not acting as an incentive to do so. Allowances are not shown by polls to be something which influences councillors to take on the role, though they are instrumental in making it possible for some people to do so. If it is important that there are no financial incentives to being a councillor, it is equally important that there should not be a financial disincentive.'

It is clearly desirable that service as a councillor is not confined to those with independent means. We do not repeat the arguments for appropriate remuneration for councillors which we have set out in our previous reports. We believe them to be self-evident. But we do repeat our belief in the importance of local democracy and the role of councillors within it. Each London Borough is responsible for services crucial to its residents. Each is responsible for a revenue budget of between £1.3bn and £3.3bn.

The responsibilities placed on local authorities continue to increase. The Localism Act 2011 devolved services to the boroughs, though, it was complained, without the resources to discharge them. From April 2013 London boroughs assumed the major new responsibility for health and wellbeing. Financial austerity brings substantial and further challenges to councillors: local authorities are required to make substantial cuts in their spending. Changes to the welfare system (particularly acute in London) give residual discretionary powers to local authorities. Councillors are faced with unenviable choices. Demand for local authority services continues to grow. In particular, there is exponential growth in the number of old people and a corresponding increase in demand for social care. The strain on and competition for resources increase the demands made on elected members.

Pensions

In the Panel's first report we recommended that councillors should be eligible for pensions. Councillors are often retired and currently have an average age of 60. It is increasingly desirable to attract a younger cohort of people to serve on councils. Access to a pension scheme is one way of achieving this. Councillors – especially those with lead responsibilities – must surrender earning potential elsewhere, earning potential which would normally be pensionable. It seems perfectly reasonable that allowances attracted by service as a councillor should be pensionable.

The Government agreed with this view and the Regulations introduced the potential for councillors' allowances to be pensionable upon the recommendation of the relevant Independent Panel. Accordingly the Panel recommended that all London borough councillors under the age of 75 be eligible to join the local government pension scheme. Twenty two of the 32 London boroughs have accepted that recommendation.

In March 2014 the Government laid before Parliament Regulations which would end the right of councillors to enter the local government pension scheme. These Regulations would extend not only to councillors but also to elected mayors (including the Mayor of London) and members of the Greater London Assembly, though Police and Crime Commissioners would retain their right of access to the pension scheme.

Councillor Sir Merrick Cockell, Chairman of the Local Government Association and Chair of London Councils from 2006 until 2010, responded: 'The government's decision isn't about saving money, it is fundamentally about undermining the role of a councillor and undermining the role of local democracy'. He added: 'Fair remuneration is important so that people from all walks of life can afford to stand for office. Otherwise we risk local government becoming the exclusive preserve of a privileged few who have the luxury of time and money to spare.' His remarks were endorsed by Cllr Gary Porter, Leader of the Local Government Association's Conservative Group, who pointed out that 'councillors are spending more time supporting their constituents and working with external organisations such as GPs, schools, police, local businesses and voluntary organisations. Secondly, recruitment and retention is becoming increasingly difficult... the commitment involved can be a deterrent when set against a possible loss of earnings and a potentially negative effect on their careers.'

We believe that access to a pension scheme can be an important factor in making service as a councillor financially possible for a wider range of people. It is particularly important for those who, like elected mayors, leaders and portfolio holders, give most or all of their time to service in local government and lose the opportunity to contribute to a pension scheme elsewhere. We would very much like the Government to reconsider this decision.

The current financial and political climate

Our 2010 report made no recommendations for increasing the levels of members' allowances other than continuing provision for annual adjustments in accordance with the annual local government pay settlement. As the Government-appointed Councillors' Commission pointed out in their 2007 report, the recommendations of the London Panel had led to substantial convergence of members' allowances across London. Indeed, the Councillors' Commission recommended a similar system for the country as a whole. Following our recommendations, there is now considerable congruity in the basic allowance made by London boroughs. However, most London boroughs have not adopted our recommendations in their entirety.

Our recommended allowances are tied to the annual local government pay settlement. Because of the current financial climate, the local government pay settlement has been frozen in three of the last four years. In 2013/14 there was a 1% pay award. Acutely sensitive to the current financial austerity, only two boroughs increased members' allowances by that percentage. Indeed nine boroughs have reduced members' allowances since the date of our last report.

We are acutely aware that now is not the time to increase allowances made to councillors, though we continue to recommend that members' allowances be pegged to the annual local government pay settlement. Such pegging will ensure that councillors can receive annual increases which are in line with those received by staff. We fully accept that, in the current financial climate, it would be entirely inappropriate to increase members' allowances (beyond the annual updating). Nevertheless we hope that in the longer term the financial situation will permit further convergence of members' allowances around our recommendations. We continue to believe that the scheme we propose is sufficiently flexible to accommodate the different political management arrangements of different London boroughs. Our view is confirmed by the general response from the London boroughs.

Consultation with the boroughs

Level of allowances

In our consultation with the London boroughs we asked a number of questions. We enquired whether it was believed that the salary of an MP remains a sound comparator to fix the remuneration of a borough leader. [Our recommendations for other special responsibility allowances are related to that recommended for Leaders.] Members of Parliament currently receive a salary of £66,396, now rather more than our updated recommendation for the allowance for Leaders.

Though there was dissent from one Borough, another asserted that the Leader's allowance should reflect the total remuneration package paid to Members of Parliament. A different borough pointed out that whereas a Member of Parliament represented an electorate of 70,000 people, a leader was responsible for the delivery of a wide range of services to a population of 300,000 – an electorate of 220,000 across an area three times as large as a parliamentary constituency. Indeed, 'it is arguable that the responsibilities of some cabinet portfolio holders are greater than the local responsibilities of an MP' but 'on balance the salary of an MP is about as sound a comparator as is likely to be found'.

In considering the responses, we also took into account the remuneration payable to chairs and members of other public bodies. We continue to believe that the allowances we have recommended are suitable. In particular, we think it appropriate that Leaders should receive an allowance approximating to the salary of a Member of Parliament.

External paid appointments

There has been some controversy over councillors accepting paid appointments in other public bodies, given their cumulative remuneration. We asked the boroughs whether allowances should be adjusted to take into account external payments from other public bodies. One authority thought it reasonable to 'consider the balance of benefit to the local area before determining whether 'home' remuneration should be reduced accordingly'. Other boroughs disagreed.

We believe that if members take on extra work and responsibilities through undertaking external appointments, then they should be entitled to retain the remuneration attracted by those responsibilities. Of course the borough might reflect on the extent to which the external duties are compatible with the time required to discharge duties within the borough and adjust responsibilities accordingly.

Chair of the Health and Wellbeing Board

These new bodies govern commissioning decisions across health, public health and social care. They must develop with commissioning groups a shared understanding of the health and wellbeing needs of the community. They must undertake a Joint Strategic Needs Assessment and develop a joint strategy for how these needs can be best addressed. This will include recommendations for joint commissioning and integrating services across health and social care. The Boards must drive local commissioning of health care, social care and public health and create a more effective and responsive local health and care system. They must also address other services that impact on health and wellbeing such as housing and education.

It was recommended to us that the Chair of the Health and Wellbeing Board should receive a special responsibility allowance in Band Three, that designed for Cabinet members. We entirely agree: this is a statutory post conferring personal statutory responsibility. The role is of major importance to local government and should be remunerated accordingly where they are councillors. In practice we imagine that Chairs of Health and Wellbeing Boards will be members of the Cabinet and have been remunerated within Band Three since their creation.

Lead Member for Children's and Adult Services

It was suggested to us that the Lead Member for Children's Services should receive a special responsibility allowance higher than other Cabinet Members: 'The enhanced duty of safeguarding for the role of lead member for Children's Services and the time required to fulfil it makes the post a special case for an enhanced banding between the current bands three and four.'

We well understand the heavy responsibility on the lead member for Children's services and the consequences of any failure in the system. We are entirely sympathetic to the view that the responsibility might warrant a higher special responsibility allowance than other Cabinet members. In our 2010 report we specifically contemplated the different weight of responsibilities of different portfolios and suggested that they might justify different allowances. Our recommended Band Three for Cabinet Members has a range of over £6,000 and we believe that this is sufficient to enable boroughs to differentiate between the different weights of portfolios should they so decide.

It has also been suggested to us that the lead member responsible for adult safeguarding has a degree of responsibility equal to that of the lead member for children's services. We are not convinced of the comparison.

Given the different allocation of responsibilities in different boroughs, we do not make specific recommendations on differentiating special responsibility allowances for Cabinet members within Band Three**.**

Dependants' Carers' Allowance

The Regulations authorise the payment to councillors of an allowance ('the Dependants' Carers 'Allowance') in respect of the expenses of arranging for the care of children or dependants when the councillor attends meetings or is engaged in other official duties. We received representations that the Allowance should be not less than the living wage.

We strongly believe that the boroughs should make a dependants' carers' allowance available to their members. Access to a dependants' carers' allowances can make it possible for a wider range of people to serve on their councils. Specifically by payment of dependants' carers' allowance, boroughs can attract some who would not normally expect to become councillors. 26 of the 32 boroughs provide in their allowances scheme for payment of dependants' carers' allowances. In those boroughs which do make a payment, allowances vary from £5.27 to £9.26 per hour (in one case £15 per hour for specialised care).

We recognise the need for payments to pay regard to local circumstances and the nature of specialist care. We believe that ordinary care should be remunerated at not less than the London living wage of £8.60 per hour; and (on presentation of proof of expense) payment should be made at a higher rate when specialist nursing skills are required.

Sickness, maternity and paternity leave

This issue has again been raised with us. We adhere to our recommendations in the 2006 report, repeated in 2010, namely that councils should make arrangements in their members' allowances schemes to allow the continuance of special responsibility allowances in the case of sickness, maternity and paternity leave in the same terms that the council's employees enjoy such benefits (that is to say, they follow the same policies).

Members of social care and health scrutiny panels and corporate parenting panel

One borough suggested that service on the Social Care and Health Scrutiny Panels and the Corporate Parenting Panel should be placed within Band One because of the risk profile of those roles.

We continue to recommend that the responsibility allowance payable under Band One should include membership of committees, sub-committees and adoption panels where membership requires attendance with exceptional frequency or for exceptionally long periods. If a Council believes that such memberships are substantially more onerous than service on other committees, then we agree that they would be appropriately remunerated on Band One.

Travel and subsistence allowances

We have been asked to give advice on travel and subsistence allowances. We continue to believe that the Basic Allowance should cover all reasonable out-of-pocket expenses incurred by councillors, including intra-borough travel costs and expenses, though councils may consider that there are circumstances where it may be appropriate for a scheme to provide payment for the cost of transport, e.g. journeys home after late meetings, and for people with disabilities. We also continue to believe that, where travel and subsistence allowances are payable, they should be in accordance with the current scheme for travel and subsistence applicable to the Borough's staff; and that travel allowances should extend to travel by bicycle.

Update for inflation

We continue to recommend that the allowances we recommend should be updated annually in accordance with the headline figure in the annual local government pay settlement.

Sir Rodney Brooke CBE DL **Steve Bundred** **Anne Watts CBE**

London
1 June 2014

Appendix A

Basic allowance £10,703

Special responsibilities – beyond the basic allowance

The case for special allowances
The reasons for payment of additional special responsibility allowances should be clearly set out in local allowances schemes. Special allowances should come into play only in positions where there are significant differences in the time requirements and levels of responsibility from those generally expected of a councillor.

Calculation of special allowances
The proposed amounts for each band are a percentage of the figure suggested for a council leader depending upon levels of responsibility of the roles undertaken and are explained below. We believe that the SRA, which the previous panel recommended for the leader of a London council (updated), continues to be appropriate.

Categories of special allowances

The regulations specify the following categories of responsibility for which special responsibility allowances may be paid:

- Members of the executive where the authority is operating executive arrangements
- Acting as leader or deputy leader of a political group within the authority
- Presiding at meetings of a committee or sub-committee of the authority, or a joint committee of the authority and one or more other authorities, or a sub-committee of such a joint committee
- Representing the authority at meetings of, or arranged by, any other body
- Membership of a committee or sub-committee of the authority which meets with exceptional frequency or for exceptionally long periods
- Acting as spokesperson of a political group on a committee or sub-committee of the authority
- Membership of an adoption panel
- Membership of a licensing or regulatory committee
- Such other activities in relation to the discharge of the authority's functions as require of the member an amount of time and effort equal to or greater than would be required of him by any one of the activities mentioned above, whether or not that activity is specified in the scheme.

Local discretion

It is for the councils locally to decide how to allocate their councillors between the different bands, having regard to our recommendations and how to set the specific remuneration within the band. They must have regard to our recommendations. We believe these should have the merits of being easy to apply, easy to adapt, easy to explain and understand, and easy to administer.

BAND ONE

The posts we envisage falling within band one include:

- Vice chair of a service, regulatory or scrutiny committee
- Chair of sub-committee
- Leader of second or smaller opposition group
- Service spokesperson for first opposition group
- Group secretary (or equivalent) of majority group
- First opposition group whip (in respect of council business)
- Vice chair of council business
- Chairs, vice chairs, area committees and forums or community leaders
- Cabinet assistant
- Leadership of a strategic major topic
- Acting as a member of a committee or sub-committee which meets with exceptional
- frequency or for exceptionally long periods
- Acting as a member of an adoption panel where membership requires attendance with
- exceptional frequency or for exceptionally long periods
- Leadership of a specific major project.

Remuneration

We propose that band one special responsibility allowances should be on a sliding scale of between 20 – 30 per cent of the remuneration package for a council leader.

This would be made up as follows:
Basic allowance: £10,703
Band one allowance: £2,392 to £8,941

Total: £13,095 to £19,644

BAND TWO

The types of office we contemplate being within band two are:

- Lead member in scrutiny arrangements, such as chair of a scrutiny panel
- Representative on key outside body
- Chair of major regulatory committee e.g. planning
- Chair of council business (civic mayor)
- Leader of principal opposition group
- Majority party chief whip (in respect of council business).

Remuneration

We propose that band two allowances should be on a sliding scare between 40 – 60 per cent, pro rata of the remuneration package for a council leader.

This is made up as follows:
Basic allowance £10,703
Band two allowances: £15,486 to £28,581

Total: £26,189 to £39,284

BAND THREE

We see this band as appropriate to the following posts:

- Cabinet member
- Chair of the Health and Wellbeing Board
- Chair of the main overview or scrutiny committee
- Deputy leader of the council

Remuneration:

We propose that band three allowances should be between 70 – 80 per cent pro rata of the remuneration package for a council leader.

This is made up as follows:
Basic allowance: £10,703
Band three allowance: £35,128 to £41,675

Total: £45,831 to £52,378

BAND FOUR

Leader of cabinet, including a strong leader.
This is a full-time job, involving a high level of responsibility and now includes the exercise of executive responsibilities. It is right that it should be remunerated on a basis which compares with similar positions in the public sector, while still retaining a reflection of the voluntary character of public service.

Remuneration:

We propose that the remuneration package for a council leader under band four of our scheme should be £64,824.

This is made up as follows:
Basic allowance: £10,703
Band four allowance: £54,769

Total: £65,472

BAND FIVE

Directly elected mayor
A directly elected mayor is a full-time job with a high level of responsibility and exercises executive responsibilities over a fixed electoral cycle. It is right that it should be remunerated on a basis which compares with similar positions in the public sector, while still retaining a reflection of the voluntary character of public service. However we believe this post remains different to that of the strong leader with cabinet model. The directly elected mayor is directly elected by the electorate as a whole. The strong leader holds office at the p0leasure of the council and can be removed by the council. We believe that the distinction is paramount and this should be reflected in the salary level.

Remuneration:

We propose that a band five directly elected mayor should receive a remuneration package of 25 per cent higher than that recommended for a council leader and that it should be a salary set at **£81,839.**

Appendix B

On behalf of the community – a job profile for councillors

Purposes:

1. To participate constructively in the good governance of the area.
2. To contribute actively to the formation and scrutiny of the authority's policies, budget, strategies and service delivery.
3. To represent effectively the interests of the ward for which the councillor was elected, and deal with constituents' enquiries and representations.
4. To champion the causes which best relate to the interests and sustainability of the community and campaign for the improvement of the quality of life of the community in terms of equity, economy and environment.
5. To represent the council on an outside body, such as a charitable trust or neighbourhood association.

Key Tasks:

1. To fulfil the statutory and local determined requirements of an elected member of a local authority and the authority itself, including compliance with all relevant codes of conduct, and participation in those decisions and activities reserved to the full council (forexample, setting budgets, overall priorities, strategy).
2. To participate effectively as a member of any committee or panel to which the councillor is appointed, including related responsibilities for the services falling within the committee's (or panel's) terms of reference, human resource issues, staff appointments, fees and charges, and liaison with other public bodies to promote better understanding and partnership working.
3. To participate in the activities of an outside body to which the councillor is appointed, providing two-way communication between the organisations. Also, for the same purpose, to develop and maintain a working knowledge of the authority's policies and practices in relation to that body and of the community's needs and aspirations in respect of that body's role and functions.
4. To participate in the scrutiny or performance review of the services of the authority, including where the authority so decides, the scrutiny of policies and budget, and their effectiveness in achieving the strategic objectives of the authority.
5. To participate, as appointed, in the area and in service-based consultative processes with the community and with other organisations. 6. To represent the authority to the community, and the community to the authority, through the various forums available.
7. To develop and maintain a working knowledge of the authority's services, management arrangements, powers/duties, and constraints, and to develop good working relationships with relevant officers of the authority.
8. To develop and maintain a working knowledge of the organisations, services, activities and other factors which impact upon the community's well-being and identity.
9. To contribute constructively to open government and democratic renewal through active encouragement of the community to participate generally in the government of the area.
10. To participate in the activities of any political group of which the councillor is a member.
11. To undertake necessary training and development programmes as agreed by the authority.
12. To be accountable for his/her actions and to report regularly on them in accessible and transparent ways.

Appendix C

The independent panel members

Sir Rodney Brooke has a long career in local government, including as chief executive of West Yorkshire County Council, Westminster City Council and the Association of Metropolitan Authorities. He was knighted in 2007 for his contribution to public service and is currently chairman of the Quality Assurance Agency for Higher Education.

Steve Bundred was chairman of Monitor, chief executive of the Audit Commission and chief executive of the London Borough of Camden.

Anne Watts CBE has an extensive career in equality and diversity that spans the private, voluntary and public sectors with organisations including the Open University, the Commission for Equality and Human Rights and Business in the Community. She chaired the NHS Appointments Commission.

Published: June 2014

APPENDIX B

LONDON BOROUGH OF BARNET MEMBERS' ALLOWANCES SCHEME 2016/17

1. The Scheme

This scheme is made by Barnet London Borough Council under the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) and the Local Government Pension Scheme and Discretionary Compensation (Local Authority (Members in England) Regulations 2003 ("the Regulations").

1.1 The scheme may be cited as the Barnet London Borough Council Members' Allowances Scheme and replaces all former Schemes.

1.2 It has effect for the period 1 April 2016 to 31 March 2017.

1.3 In this scheme,

1.3.1 "Councillor" means an elected member of the Council of the London Borough of Barnet.

1.3.2 This scheme will cover a period from 1 April 2016 to 31 March 2017;

1.3.3 "Co-optee" and "co-opted member" means a person not a councillor who is appointed by the Council to a committee discharging a statutory local authority function.

2. Basic Allowance

2.1 A basic allowance of £10,597 shall be paid to each councillor.

2.2 Payment of the basic allowance is subject to the conditions set out in sections 9, 10, 12 and 13.

3. Special Responsibility Allowance

3.1 Allowances are payable to recognise the special responsibilities attached to certain positions to which councillors may be appointed. The allowances are graded in 5 bands.

3.2 The bands, the positions concerned and the sums payable are set out in Schedule 1.

3.3 No Member may receive more than one Special Responsibility Allowance in respect of the same period of time, but the Member will receive whichever is the highest of the Special Responsibility Allowances for which they qualify.

3.4 Other conditions attached to the payment of special responsibility allowance are set out in sections 9, 11 and 12.

4. Childcare and Dependent Carers' Allowance

4.1 An allowance of £7 per hour for a maximum of 8 hours (subject to extension in special circumstances) shall be payable to any councillor or co-opted member or member of an appeals committee established under the Education Act 1996 who incurs expenditure for the care of dependent relatives or children whilst undertaking the approved duties listed in section 4.3 below.

4.2 Dependent relatives and children are defined as:-
- children aged 15 years or less
- elderly relatives requiring full-time care
- relatives with disabilities who receive full-time care

4.3 The approved duties referred to in section 4.1 above are:-

(a) The attendance at a meeting of the authority or of any committee or sub-committee of the authority, or of any other body to which the authority makes appointments or nominations, or of any committee or sub-committee of such a body;

(b) The attendance at any other meeting, the holding of which is authorised by the authority, or a committee or sub-committee of the authority, or a joint committee of the authority and at least one other local authority within the meaning of section 270(1) of the Local Government Act 1972, or a sub-committee of such a joint committee, provided that –

(ii) where the authority is divided into two or more political groups it is a meeting to which members of at least two such groups have been invited; or

(iii) if the authority is not so divided, it is a meeting to which at least two members of the authority have been invited.

(c) The attendance at a meeting of any association of authorities of which the authority is a member;

(d) The attendance at a meeting of any of the Council's committees;

(e) The performance of any duty in pursuance of a standing order requiring a member or members to be present while tender documents are opened;

(f) The performance of any duty in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises;

(g) The performance of any duty in connection with arrangements made by the authority for the attendance of pupils at any school approved for the purposes of section 342 of the Education Act 1996 (approval of non-maintained special schools; and

(h) The carrying out of any other duty approved by the authority, or any duty of a class so approved, for the purposes of, or in connection with, the discharge of the functions of the authority or any of its committees or sub-committees.

4.4 The allowance or reimbursement shall be paid on the basis of that permitted under the Income Tax Regulations.

5. Travel and Subsistence Allowance

5.1 Members do not receive a travel allowance for the cost of travel within the borough.

5.2 The duties which qualify for the payment of travel outside the Borough are set out in Schedule 2 with the amounts payable set out in Schedule 3.

5.3 The duties which qualify for the payment of travel allowance to a co-opted member or member of an appeals committee established under the Education Act 1996 are set out in Schedule 2 with the amounts payable set out in Schedule 3.

5.3 The duties which qualify for the payment of subsistence allowances to a councillor, co-opted member or member of an appeals committee established under the Education Act 1996 are set out in Schedule 2 with the amounts payable set out in Schedule 3.

5.4 The payment of allowance is subject to the conditions set out in section 9.

6. Independent Members and Co-optees' Allowance

6.1 An allowance of £127 shall be paid to the Independent and co-opted Members of Council Committees for each meeting that they attend.

6.2 Payment of the allowance is subject to the conditions set out in sections 8, 9, 11, and 12.

7. Pensions

7.1 The Local Government Pension Scheme Regulations 2013, laid before Parliament 19th September 2013 came into force 1st April 2014 ceased councillors' membership of the Local Government Pension Scheme (at the end of the term of office for existing councillors up to the election on 22 May 2014). From 1st April 2014 no Councillors will be admitted to the scheme.

8. Financial Limits

8.1 Any payment under this scheme is subject to the budget provision for members' allowances during the year not being exceeded.

9. Renunciation

9.1 A councillor or co-opted member may decline to receive any part of his or her entitlement to an allowance under this scheme by notifying the Head of Governance in writing.

10. Part-year Entitlements

10.1 This section regulates councillors' entitlement to allowances if during the year

- the scheme is amended
- the councillor is newly elected
- the councillor ceases to be a councillor
- the councillor accepts or gives up a position eligible for a special responsibility allowance.

10.2 If the scheme is amended so as to change the basic allowance or the special responsibility allowance then the annual amount to be paid to each councillor shall be re-calculated. The councillor will be paid a proportion of the old allowance and a proportion of the new allowance. The proportions will reflect the number of days in the year before and after (starting with the day on which the change takes effect) the change. Further amendments will be treated in the same way.

10.3 If during the year

- a councillor is newly elected or ceases to be a councillor,

- a councillor accepts or gives up a position eligible for a special responsibility allowance, or
- a councillor becomes or ceases to be eligible to a special responsibility allowance because of an amendment to the scheme

then the annual amount to be paid to the councillor will be altered. The alteration will discount a proportion of the relevant allowance, to reflect the number of days in the year that the councillor was not a councillor, or was not eligible for the special responsibility allowance, as the case may be. If the scheme is amended during the year as set out in 10.2 above, then the alteration will be calculated separately for the periods before and after each amendment, in accordance with the Regulations.

12. <u>Claims, Payments, Repayments, Restriction to entitlement</u>

12.1 Payments of basic allowance and Special Responsibility Allowance will be made in twelve equal monthly instalments at the end of each month.

12.2 If making a payment of one twelfth of the annual entitlement of basic allowance and special responsibility allowance for any member would result in a breach of the restrictions set by Section 10 of the scheme, then actual payments must be reduced to comply with those restrictions.

12.3 Where an allowance has already been paid for any period during which the councillor concerned:
;
(a) ceases to be a councillor; or
(b) is otherwise not entitled to receive the allowance for that period,

such part of the allowance as relates to any such period shall be repaid to the Council.

12.4 Where a member of the authority is also a member of another authority that member may not receive allowances from more than one authority in respect of the same duties.

Schedule 1

Special Responsibility Allowances 1 April 2016 to 31 March 2017

BAND	SRA (£)	POSTS COVERED
5	34,000	Leader of the Council
4	27,000	Deputy Leader of the Council
3	15,333	**Chairmen of:** Policy and Resources Committee Children, Education, Libraries and Safeguarding Committee Adults and Safeguarding Committee Housing Committee Community Leadership Committee Environment Committee Performance and Contract Management Committee Assets Regeneration and Growth Committee Planning Committee Hendon Area Planning Committee Chipping Barnet Area Planning Committee Finchley and Golders Green Area Planning Committee Audit Committee Health and Well-Being Board General Functions Committee Pension Fund Committee Health Overview and Scrutiny Committee

		Leader of: Major Opposition Group
2	8,852	**<u>Chairmen of:</u>** Constitution, Ethics and Probity Committee Licensing Committee Finchley and Golders Green Area Committee Chipping Barnet Area Committee Hendon Area Committee
1	2,368	**<u>Chairmen of:</u>** Finchley and Golders Green Residents Forum Hendon Residents Forum Chipping Barnet Residents Forum **<u>Vice-Chairmen of:</u>** Policy and Resources Committee Children, Education, Libraries and Safeguarding Committee Adults and Safeguarding Committee Housing Committee Community Leadership Committee Environment Committee Performance and Contract Management Committee Assets Regeneration and Growth Committee

Schedule 2

Approved Duties

The following are approved duties for the payment of travel and subsistence allowances.

(For Councillors the meeting must take place takes place outside the borough of Barnet):

1.

(a) The attendance at a meeting of the authority or of any committee or sub-committee of the authority, or of any other body to which the authority makes appointments or nominations, or of any committee or sub-committee of such a body;

(b) The attendance at any other meeting, the holding of which is authorised by the authority, or a committee or sub-committee of the authority, or a joint committee of the authority and at least one other local authority within the meaning of section 270(1) of the Local Government Act 1972, or a sub-committee of such a joint committee, provided that -

(ii) where the authority is divided into two or more political groups it is a meeting to which members of at least two such groups have been invited; or

(iii) if the authority is not so divided, it is a meeting to which at least two members of the authority have been invited.

(c) The attendance at a meeting of any association of authorities of which the authority is a member;

(d) The attendance at a meeting of the executive or a meeting of any of its committees;

(e) The performance of any duty in pursuance of a standing order requiring a member or members to be present while tender documents are opened;

(f) The performance of any duty in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises;

(g) The performance of any duty in connection with arrangements made by the authority for the attendance of pupils at any school approved for the purposes of section 342 of the Education Act 1996 (approval of non-maintained special schools; and

(h) Attendance at training courses arranged by the Council.

(i) The carrying out of any other duty approved by the authority, or any duty of a class so approved, for the purposes of, or in connection with, the discharge of the functions of the authority or any of its committees or sub-committees.

(The following bodies or their committees or sub-committees are specifically included in the above definition:

Welsh Harp Joint Consultative Committee
Hampstead Heath Management Committee
London government statutory bodies, joint committees, forums, consortiums, employers' associations, etc
Standing Advisory Council for Religious Education (SACRE)
Local Government Association
London Councils
Joint Negotiating Councils for Council employees

2. Subject to the Base Budget not being exceeded, duties undertaken by Members, provided that they are undertaken outside the borough of Barnet and that the Chief Executive is satisfied that the duties are for the purposes of, or connected with, the discharge of the functions of the Council.

3. Attendance as the council's duly authorised representative at meetings of the following bodies.

   (a) School admission, exclusion and reinstatement appeals panels

   (b) Statutory complaints boards or panels relating to the council's education or social services functions

4. Conferences and meetings convened by a person or body whose objects are neither wholly nor partly political, and otherwise than in the course of a trade or business, for the purpose of discussing matters which in the council's opinion will relate to the interests of Barnet or its inhabitants or of part of Barnet or the inhabitants of part of it are approved for the purposes of payment of travel and subsistence allowance. They are those conferences and meetings convened by outside bodies being conferences where it is considered that there is a direct connection with a function of this council.

Schedule 3

Travel and Subsistence Allowances

Travel

1 Members do not receive a travel allowance for the cost of travel within the borough.

2. Other travel allowance shall paid be at the same rates as those applying at the time to council staff for motorcar, motorcycle and bicycle use.
For public transport actual expenditure shall be reimbursed.

Subsistence

3. For a councillor attending an approved duty that takes place inside the borough of Barnet the rate of subsistence and travel allowance shall be nil.

Other subsistence allowance for meals taken on duty shall paid be at the same rates as those applying at the time to council staff.
For overnight costs reasonable approved expenses shall be paid.

Other Reimbursements allowed:

1. Not more than the amount of any expenditure incurred on tolls, ferries or parking fees.

2. Where day subsistence is payable, the reasonable cost of meals taken on trains, subject to a reduction of subsistence allowance of four hours for each meal taken, and a maximum of one main meal during an absence of more than four hours, two for more than eight hours' absence and three for more than twelve hours' absence.

3. The actual cost of overnight garaging of a car or other vehicle.

Payment

4. Evidence of expenditure incurred shall be required when claims are made and any unreasonable claim shall be referred to the Chief Executive.

This page is intentionally left blank

AGENDA ITEM 12.2

	COUNCIL **1 March 2016**
Title	**Report of Head of Governance**
Report of	Head of Governance
Wards	All
Status	Public
Enclosures	Appendix A – Changes to the Calendar of Meetings 2015/16 and 2016-17
Officer Contact Details	Andrew Charlwood, Head of Governance, 020 8359 2014, andrew.charlwood@barnet.gov.uk

Summary

This item presents various constitutional and administrative matters for Council's agreement. Full details are as set out in the appended reports.

Recommendations

1. **That Council note the changes to the Calendar of Meetings 2015/16 and 2016-17 in Appendix A**

1. WHY THIS REPORT IS NEEDED

1.1 The Head of Governance report seeks Council's approval for various matters of business relating to the Council's statutory and constitutional functions.

2. REASONS FOR RECOMMENDATIONS

2.1 As set out in the attached Appendices.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 N/A

4. POST DECISION IMPLEMENTATION

4.1 Council decisions will be minuted and implemented through the Head of Governance.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 As set out in attached Appendices.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 Any specific implications are set out in the attached Appendices.

5.3 Legal and Constitutional References

5.3.1 Council Constitution, Full Council Procedure Rules – requires that Council "Agree the Council Calendar of meetings including for ordinary meetings of the Council".

5.4 Risk Management

5.4.1 As set out in attached Appendices.

5.5 Equalities and Diversity

5.5.1 As set out in attached Appendices.

5.6 Consultation and Engagement

5.6.1 None specifically arising from this report.

6. BACKGROUND PAPERS

6.1 None.

Appendix A

CHANGES TO THE CALENDAR OF MEETINGS

2015-2016 year

Committee	Date of Meeting	New date of Meeting
General Functions Committee	18 January 2016	18 February 2016
Assets Regeneration and Growth Committee	14 March 2016	17 March 2016
Planning Committee	N/A	16 March 2016
Chipping Barnet Residents Forum	30 March 2016	N/A
Finchley and Golders Green Residents Forum	30 March 2016	N/A
Hendon Residents Forum	30 March 2016	N/A

2016-2017 year

Committee	Date of Meeting	New date of Meeting
Local Pension Board	N/A	28 July 2016
Local Pension Board	N/A	7 November 2016
Local Pension Board	N/A	25 January 2017
Health and Wellbeing Board	2 June 2016	N/A
Health and Wellbeing Board	28 July 2016	21 July 2016
Health and Wellbeing Board	22 Sept 2016	15 Sept 2016
Health and Wellbeing Board	26 Jan 2017	19 January 2017
West London Economic Prosperity Board	N/A	8 June 2016, 9.30am
West London Economic Prosperity Board	N/A	21 September 2016, 9.30am
West London Economic Prosperity Board	N/A	7 December 2016, 9.30am

RECOMMEND – That Council note the changes to the calendar of meetings contained in the tables above.

This page is intentionally left blank

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

AGENDA ITEM 16

Document is Restricted

This page is intentionally left blank