

	<h2>Policy and Resources Committee</h2> <h3>02 December 2014</h3>
<b>Title</b>	<b>Business Planning 2015/16 - 2019/20</b>
<b>Report of</b>	Chief Executive Chief Operating Officer Strategic Director of Commissioning Strategic Director for Environment and Growth
<b>Wards</b>	All
<b>Status</b>	Public
<b>Enclosures</b>	Appendix A – Commissioning Plans Appendix B – Medium Term Financial Strategy Appendix C – Budget savings 2015 – 2020 Appendix D – Capital programme additions Appendix E – Transformation programme Appendix F – Write offs Appendix G – Review of reserves
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<b>Summary</b>
<p>This report seeks approval from the Policy and Resources Committee on the following:</p> <ul style="list-style-type: none"> <li>a) The Council’s strategic priorities – to frame a revised Corporate Plan - and Theme Committee Commissioning Plans for the period 2015 to 2020;</li> <li>b) The budget savings proposals for 2015/16;</li> <li>c) The budget savings agreed by Theme Committees for the period 2016/17 – 2019/20, to form the basis of the Council’s new Medium Term Financial Strategy to 2020, allowing the Council to plan ahead effectively;</li> <li>d) The capital programme additions for the period 2015-20; and</li> <li>e) The Council’s transformation programme covering the period 2015 to 2020.</li> </ul>

## Recommendations

<b>That Policy and Resources Committee:</b>
<b>1. Agree the Council’s high-level strategic priorities, as set out in section 1.2, which will frame a new Corporate Plan for 2015-2020, subject to consultation commencing on 17 December 2014 – after Full Council – and concluding on 11 February 2015.</b>
<b>2. Agree the updated Medium Term Financial Strategy (MTFS) up to 2020 as set out in Appendix B and the assumptions underpinning this in section 2</b>
<b>3. Approve the budget savings proposals for 2015/16 as “budget headlines” for consultation from 17 December 2014 until 11 February 2015. Approve the overall MTFS savings and pressures from 2016/17 to 2019/20 as set out in Appendix C. Individual savings proposals for future years included in the MTFS will be consulted on where necessary – with full Equalities Impact Assessments conducted - in the relevant budget year before final decisions are taken by Committees and Full Council and savings are cast into future annual budgets. (In the case of the Environment Committee to instruct the Chief Finance Officer to include the views of Full Council on 16<sup>th</sup> December in the consultation document.)</b>
<b>4. Agree the five year Commissioning Plans in Appendix A set out indicative plans to address both the high level strategic priorities outlined in section 1.2 and the forecast budget deficit of £73.5m by 2020 and agree the commencement an 8 week public consultation on the Commissioning Plans which will conclude on the 11th of February 2015. (In the case of the Environment Committee to instruct the Chief Finance Officer to include the views of Full Council on 16th December in the consultation document).</b>
<b>5. Approve the recommendation of the additional capital schemes proposals as set out in Appendix D, to be added to the capital programme.</b>
<b>6. Approve the transformation programme as set out in Appendix E, the allocation of £16.1m from the transformation reserve to fund this programme from 2015 through to 2020 and the drawdown requested under section 2.6.10. This programme and funding is required to deliver annual revenue savings of £44.4m by 2020(cumulatively £124m).</b>
<b>7. To approve the write offs in Appendix F as requested by the Policy &amp; Contract Management Committee.</b>
<b>8. To note the review of reserves as set out in section 2.5 and Appendix G</b>
<b>9. To agree the draw-downs from reserves as set out in paragraph 2.2.1 and saving amendments in paragraph 2.2.4.</b>
<b>10. Agree that the Children, Education, Libraries and Safeguarding Committee should complete the detailed consideration of alternative delivery options, including agreeing to the commencement of procurement where relevant. As set out in paragraph 2.2.11 of this report.</b>
<b>11. To note the impact on performance, staff and equalities as set out in section 6,7, 9 and 10 of the report;</b>

## 1. WHY THIS REPORT IS NEEDED

### 1.1 Executive Summary

- 1.1.1. The challenge of reducing funding from Government, together with rising demand on local services driven by demographic change and increasing financial responsibility from Government legislation (e.g. the Care Act), remains the key challenge for Local Government for the remainder of this decade. This report reiterates the expected scale of that challenge for Barnet Council, alongside the Council's response in the form of Commissioning Plans and budget proposals through to the end of the decade..
- 1.1.2. Forward looking Commissioning Plans are an essential part of the Council's response to the challenge, as they collectively set out how the Council will meet the challenges ahead. The Plans define outcomes for residents and service users, and set out the initiatives that will be undertaken to achieve these outcomes. Individual Plans have been agreed by Theme Committees and come together in this report to form the basis of the Council's priorities across Committees to be incorporated in a new Corporate Plan for the period 2015-2020.
- 1.1.3. In March 2014, the Council agreed its MTFs, which set a two year budget for the period 2014/15 – 2015/16. This report re-affirms proposals for 2015/16. The total budget gap is £15.749m for 2015/16. The budget gap has been updated to reflect recent announcements. Savings of **£17.269** and pressures of **£1.520m** have been identified to enable a balanced budget to be set. Proposals for 2015/16 are predicated subject to consultation on a Council Tax freeze.
- 1.1.4 This report also sets out the expected budget gap of £73.5m for 2016-2020 and the budget savings agreed by each Theme Committee to help deal with this challenge. These savings will form the basis of a new MTFs to 2020, with individual savings proposals to be consulted on – and with full Equalities Impact Assessments conducted in the relevant budget year – before final decisions are taken by Committees and savings are cast into future annual budgets following Full Council. These savings total **£50.6m**, leaving a remaining gap of **£22.9m**. The remaining gap will be allocated in the new financial year to Theme Committees so they may develop further proposals which will be subject to further consultation and an Equalities Impact Assessment.
- 1.1.5 The report seeks approval of the allocation of capital spend for 2016-2020. This totals **£101m** and is funded from the a combination of the provision for capital financing included within the MTFs and external grant.

## 1.2 STRATEGIC CONTEXT

### **Barnet Council and the wider public sector continue to face significant financial challenges**

1.2.1 Despite significant reductions to Government spending since 2010 and a return to economic growth, the financial environment for the Council, the wider public sector, and residents continues to be challenging. The position can be summarised as follows:

- **Further spending cuts to come:** Despite nearly £100 billion of spending cuts since 2010, the UK budget deficit still stands at around £70 billion meaning that austerity will continue.
- **Increasing pressure on services:** Increasing demand on services is driven by a growing and changing population. Barnet's population increased by 12% from 2001 to 2011 and will increase by a further 5% over the next 5 years, with health and social services in particular facing acute challenges due to rapid growth in young and older cohorts.
- **Wider financial pressure on households:** From energy bills, housing costs, wage restraint, and benefit reforms.
- **Increasing public expectations:** With residents expecting better services and more prompt responses.

This means that the Council must plan for the fact that spending reductions will affect all parts of the public sector to the end of the decade and that increasingly levels of demand will not be met from simply doing more of what it is currently doing.

### **The impact on the Council's finances – past and future**

1.2.2 In Barnet, the impact of austerity has translated to the Council needing to save or generate £75.8m over the period 2011 – 2015, equivalent to 26% of the Council's budget. Looking ahead, based on assumptions about future public spending and rising demand, the Council is forecasting the need for further savings of £73.5 million in the latter half of the decade. In real terms, by the end of the decade, **the Council's total spending power will be over 40% less than it was at the start.**

1.2.3 Knowing that the Council continues to face significant financial challenges in the years ahead, it has a responsibility to develop and agree a plan for meeting the challenge. The proposed M TFS is that plan.

## **Opportunities ahead – Barnet is a successful borough as part of a successful, thriving London**

- 1.2.4 Despite austerity, the economy is now growing, particularly in London. This creates opportunities for the Council; for residents; and for business. In Barnet, the benefits are already being seen through reduced unemployment – particularly 16-18 year olds - and more people on benefits moving into work. The benefits of growth are being felt through regeneration in areas such as Colindale and Grahame Park and with the major redevelopment of Brent Cross Cricklewood due to start soon, providing new homes, space for businesses, thousands of new jobs.
- 1.2.5 Most people will benefit from the success of living in Barnet without direct intervention from the Council. For these residents, the Council's role is to 'get the basics right' and maintain the environment for a thriving borough - disposing of waste; keeping streets clean; providing excellent customer service; allowing people to transact in more convenient ways; resolving issues promptly and ensuring the borough has the infrastructure to continue its success - good schools, education, training, jobs, housing and transport.
- 1.2.6 The Council will work to ensure that all residents of Barnet can benefit from the opportunities of growth, whether that is through increased employment levels of disabled people or through developing new neighbourhoods in which people can live and age well.
- 1.2.7 However, some residents will need targeted support to allow them to benefit from this success. As such, the Council will need to continue to work with other parts of the public sector to identify those residents at risk of missing out and provide the right interventions at the right time. The recent success of the joint Benefit Cap Task Force – which brings together the Council, Barnet Homes and Job Centre Plus – is an example of what is possible. The Task force has engaged with over 90% of residents impacted by the Benefit Cap and has supported over a third into work and off the Benefit Cap. Helping people to help themselves will reduce dependence on services and on the ever diminishing resources available.

### **Barnet's approach to meeting the challenge**

- 1.2.8 The majority of savings made to date have been through back office efficiencies. The Council has focused on cutting bureaucracy by cutting the number of senior managers and the Chief Executive's pay; cutting Member allowances; and cutting spending on the back office – which now cost £6m less a year. This has meant that the Council has avoided short-term, in year cuts seen in other areas and has created headroom to reinvest – in infrastructure, regeneration, school places. The Council has also been able to keep Council Tax under control - freezing it since 2010 and cutting it this financial year. Despite the challenges, satisfaction with the Council and local services remains relatively high in Barnet and, over recent years, resident satisfaction with a number of local services has increased.

1.2.9 As the Council focuses on the challenges ahead, it does so from a firm position. Its commissioning approach, which focuses on the quality and value for money of services – and how they contribute to the Council’s priority outcomes – rather than a pre-determined view on how services should be delivered and by whom, provides the flexibility and capability to respond.

### **Barnet Council’s overarching approach - developing a Corporate Plan to 2020**

1.2.10 Each one of the Council’s Theme Committees has developed a 5 year Commissioning Plan over the last 6 months, setting out the outcomes and priorities the Committee will focus on as it seeks to meet the challenge. These Commissioning Plans, appended to this document, have been based on consultation to date – including recent Resident Perception Surveys and consultation in relation to the Priorities & Spending Review (PSR), which asked residents what they care about as the Council approaches the challenge and ideas about how savings could be made or services reformed. The Council will consult on these Commissioning Plans with results taken back to Policy & Resources Committee in February, Full Council in March and individual Theme Committees in the spring.

1.2.11 The Council’s Corporate Plan sets the overall framework for each of the Committee’s individual Commissioning Plans. Whether the Plans are covering services for vulnerable residents or about universal services such as the environment and waste, **there are a number of core and shared principles which underpin the commissioning outcomes**. These are set out below, based on consultation feedback received from residents through the PSR process.

#### **The first is a focus on fairness**

1.2.12 In meeting the challenge, there are no easy decisions. The Council will seek to **strike the right balance** between fairness towards the more frequent users of services and fairness to the wider taxpayer and making sure all residents from our diverse communities - young, old, disabled, and unemployed share in the opportunities of growth, whilst adhering to its statutory equalities duties.

1.2.13 The Council must **‘get the basics right’** so people can get on with their lives – disposing of waste, keeping streets clean, allowing people to transact in more convenient ways, resolving issues promptly in the most cost effective way.

1.2.14 Managing the rising demand on services requires a step change in the Council’s approach to **early intervention, prevention and demand management**. Across the public sector, the Council and its partners will need to work with residents to prevent problems rather than treating the symptoms when they materialise.

## **The second is a focus on responsibility**

- 1.2.15 The Council has a responsibility to ensure that certain services continue to be provided but, given the scale of the financial challenge, it will do so in different ways.
- 1.2.16 The Council also has a responsibility to set out its plan for dealing with the financial challenges to the end of the decade. The MTF5 is that plan. In doing so, the Council will continue to drive out **efficiencies** and seek **value for money** across the system, to achieve better outcomes with fewer resources. This includes a focus on workforce productivity; bearing down on contract and procurement costs; and using assets more effectively.
- 1.2.17 The Council will **change its relationships with residents**, by working with local people to ensure services better meet their needs and to reduce the impact of funding cuts. In certain circumstances, residents will also need to take on more personal and community responsibility for keeping Barnet a great place particularly if there is not a legal requirement for the Council to provide services.
- 1.2.18 In some cases, **users will be required to pay more for certain services** as the Council prioritises the resources it has available. The Council will seek to create a **stronger link between personal behaviour and cost**, with those whose chosen behaviour increases the cost burden on wider taxpayers charged more e.g. charging individuals and businesses who increase Council costs through littering or fly-tipping.

## **The third is a focus on opportunity**

- 1.2.19 The Council will prioritise **regeneration, growth and income maximisation**. Regeneration revitalises communities and provides residents and businesses with places to live and work.
- 1.2.20 There is a **trade-off between the amount of income the Council is able to generate and the level of savings it needs to make**. Growing the local tax base and generating more income makes the Council less reliant on Government funding and helps to offset the impact of service cuts.
- 1.2.21 Income maximisation through growth and regeneration also generates resources for investment in future infrastructure - roads and transport infrastructure, housing and schools.
- 1.2.22 The Council will **redesign services and deliver them differently through a range of models and providers**. The Council's Commissioning Council approach means that it does not have a pre-determined view about how services should be designed and delivered – its concern is primarily with service quality and value for money for the taxpayer. The Council will continue to develop a mixed economy of providers from across the public, private and voluntary sectors through a variety of delivery models - in-house, outsourced,

Joint Ventures, Social Enterprises, Mutual – that are appropriate to the service.

1.2.23 This approach - based around **Fairness, Responsibility and Opportunity** – will be articulated in the Council’s new **Corporate Plan to 2020** which will be developed over the coming weeks and brought back to the Policy & Resources Committee for recommendation to full Council before publication in April. Officers will develop a range of measures and targets so that the Council is able to measure success against the Plan.

1.2.24 At this stage, the Council will consult on the high-level strategic priorities which flow from the approach articulated above, to inform development of the more detailed plan. **The Council’s proposed high-level strategic priorities are as follows:**

<b>Barnet Council, working with local, regional and national partners, will strive to make sure the Barnet is the place:</b>	
<b>1</b>	<b>Of opportunity, where people can further their quality of life.</b>
<b>2</b>	<b>Where responsibility is shared, fairly.</b>
<b>3</b>	<b>Where people are helped to help themselves, recognising that prevention is better than cure.</b>
<b>4</b>	<b>Where services are delivered efficiently to get value for money for the taxpayer.</b>

## **2 MEDIUM TERM FINANCIAL STRATEGY**

### **2.1 Funding from Government, Council Tax and other assumptions**

2.1.1 **Appendix B** sets out the indicative MTFs for Barnet Council through to 2020, taking into account the national economic context such as Government spending cuts and inflation, along with local factors such as population and demand pressures. The budget gap facing the Council includes assumptions about levels of expected Government grant, future levels of business rates and changes to the Council Tax base, along with a range of other assumptions about pay and non-pay inflation, future levies and other risks.

2.1.2 The Government has already announced indicative funding levels for 2015/16 and these have been included in the MTFs. Beyond that point, it is possible to model further cuts to Government grant through to the end of the decade, based on budget announcements and Office for Budget Responsibility (OBR) reports. Within this report it is broadly assumed that Government grants will continue to reduce from 2016 to 2020 at the same level as they did between 2011 and 2015. These assumptions on Government grant, along with assumptions on growth in population, inflation and a range of other factors, are used to inform the MTFs and budget gap and will be kept under review following further announcements and changes in the macro-economic picture. In detail, these assumptions 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 data provided by the Greater London Authority.
- **Inflation (pay)**: in line with the Local Government pay award for 2013/14, a 1% increase in pay is assumed for each year from 2015 to 2020;
- **Inflation (non-pay)**: figures from the Office for Budget Responsibility (OBR) for inflation have been used to estimate the increase in non-pay costs;
- **North London Waste Authority levy**: figures for the NWLA levy are based on the latest information from the NLWA for the period from 2015-2020;
- **Capital financing costs**: no provision has been added for 2015/16 as the current budget provision is considered to be sufficient, but a provision has been added each year beyond that point;
- **Council Tax Support**: a provision has already been set aside for risks associated with Council Tax support, and this is considered to be sufficient for future years;
- **Concessionary fares**: increases have been projected in line with demographic changes of 60+ in Barnet;
- **Care Act**: a staged introduction of the Care Act has caused a financial pressure for 2015/16 for the assessment of carers which is above the funding made available by Government. This additional pressure is reflected in the MTFS. The new burdens money for future years has not yet been published, so no provision has yet been included in the MTFS for Care Act implementation in 2016/17;
- Future allocations of **New Homes Bonus** are projected in line with known developments in the borough, and is reserved for infrastructure purposes;
- **Business rates**: there has been no growth assumed in business rates. An increase in yield has been estimated in line with inflation;
- **Business rates top up grant**: the business rates top up grant is assumed to increase in line with inflation;
- **Revenue Support Grant**: the assumption for the reduction in RSG is such that the reduction in the total quantum of retained business rates and RSG is approximately £10m per annum. This total reduction is in line with previous reductions in government grant support from 2011 to 2015;
- **Council Tax**: The proposal subject to consultation and the Equalities Impact Assessment is that a Council Tax freeze is factored into the Medium Term Financial Strategy for 2015/16 and 2016/17, with an increase of 2% per annum beyond that point. The Council tax baseline takes into account current developments and regenerations schemes where developers are in place. It does not take into account schemes that are proposed, but where developers are not yet in place;
- **Education Support and Council Tax & Housing benefit administration grants** have been assumed to reduce by 10% in line with previous reductions of specific grants; and
- The **PFI credit** is fixed and no change has been factored in.

## 2.2 Draft budget proposals 2015 to 2020 and current budget decisions

### Current budget decisions

2.2.1 This report is primarily concerned with the setting of a new Corporate Plan, Commissioning Plans and indicative MTFs the period from 1<sup>st</sup> April 2015 through to 2020 which will collectively form the Council's plan for meeting the challenge. However, as part of the regular decision making process around on-going financial management, this report proposes the following:

- That Policy and Resources Committee agree to fund the budgetary shortfall arising from the Parking Judicial Review for 2014/15. This will require a draw down from the risk reserve of £1m (one off);
- That Policy and Resources Committee agree to allocate £600k per annum in 2015/16 and 2016/17 from the risk reserve to fund the revenue pressure arising from the Sports and Physical Activity Project going live in 2017/18;
- That Policy and Resources Committee agree to allocate £9m from the infrastructure reserve into the capital programme to pursue alternative proposals for the depot relocation; and
- That Policy and Resources committee agree the write offs as set out in **Appendix F** to this report.

### 2015/16 budget proposals

2.2.2 The proposed budget for 2015/16 reflects a budget gap of £17.269m, with savings proposals to reach a balanced position. These savings are set out in detail at **Appendix C**.

	2015/16 £000
Budget Gap before savings and pressures	15,749
Proposed Pressures	1,520
Proposed Savings	(17,269)
<b>Budget Gap after savings</b>	<b>0</b>

2.2.3 The total savings for 2015/16 agreed by Full Council in February 2013 were £20.1m. Savings proposals for 2015/16 have been reviewed across the Council to ensure they remain deliverable and are line with the direction of policy.

2.2.4 Following the review it is recommended that the following savings are re-profiled:

- Family Services: due to lead in time of implement projects it is recommended that savings of £1.873m (Libraries, £0.352m, Early Years Savings, £0.175m and Family Services £1.346m) be moved from 2015/16 to 2016/17.

- Family Services: due to the continuing number of Barnet young people requiring services it is prudent to withdraw the saving put forward to reduce placement costs by £940k.

2.2.5 Following these amendments, the proposed 2015/16 savings by theme committee are as below. These are set out in detail at **Appendix C**.

Theme Committee	Total £'000
Adults & Safeguarding	(8,424)
Assets, Regeneration & Growth	(300)
Children, Education, Libraries & Safeguarding	(3,394)
Environment	(1,851)
Housing	(300)
Policy & Resources	(3,000)
<b>Total</b>	<b>(17,269)</b>

## 2016/17 – 2019/20 budget proposals – savings and pressures

2.2.6 Successfully meeting the financial challenges ahead requires careful planning. Knowing that Barnet continues to face severe budgetary constraint, the Council has carried out a Priorities & Spending Review (PSR) - a detailed, 12 month process of analysis, engagement and ideas generation. The PSR commenced in summer 2013 and concluded in June this year, with the ambition of understanding the level of financial challenge facing the Council and its local strategic partners up to 2020 and developing options for Committees to consider closing the budget gap.

2.2.7 The PSR represents a considered, rational process for developing a range of options for meeting the projected budget gap of £73.5 million between 2016 and 2020. The fundamental driver of the PSR was to ensure that decisions taken by Committees about how to allocate budgets across different part of the Council – and the decisions required to live within those budgets – were taken on the basis of a bottom up process informed by engagement and consultation rather than allocating budgets and taking decisions in an arbitrary, top down way.

2.2.8 The headline figure is a budget gap of further £73.5m for 2016-20. This means that the Council will need to find recurrent baseline savings of £73.5m a year by 2019/20. There are savings proposals that have been agreed of £50.6m as listed in **Appendix C**. This leaves a remaining gap of £22.9m which will still need to be identified.

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total £'000
Budget Gap before savings and pressures	18,427	14,741	13,194	12,677	59,039
Proposed Pressures	3,992	3,583	3,382	3,593	14,550
Proposed Savings	(19,547)	(12,269)	(10,677)	(8,109)	(50,632)
<b>Budget Gap after savings</b>	<b>2,842</b>	<b>6,055</b>	<b>5,899</b>	<b>8,161</b>	<b>22,987</b>

2.2.9 Indicative savings proposals have been agreed by each Theme Committee. The combined position for 2016 through to 2020, is set out below:

Theme Committee	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Adults & Safeguarding	(2,656)	(3,514)	(3,199)	(3,238)	(12,607)
Assets, Regeneration & Growth	(4,635)	(3,553)	(1,417)	(472)	(10,077)
Children, Education, Libraries & Safeguarding	(3,795)	(2,195)	(1,973)	(1,912)	(9,875)
Community Leadership	(9)			(843)	(852)
Environment	(3,530)	(1,410)	(800)	(100)	(5,840)
Health and Wellbeing Board					
Policy & Resources	(4,922)	(1,596)	(3,289)	(1,544)	(11,351)
<b>Total</b>	<b>(19,547)</b>	<b>(12,268)</b>	<b>(10,678)</b>	<b>(8,109)</b>	<b>(50,602)</b>

2.2.10 In addition to the savings above, savings of £4.2m have been agreed by the Housing Committee which will reduce the costs of services within the Housing Revenue Account.

2.2.11 In order to achieve its budget savings for 2015/16, the Children, Education, Libraries and Safeguarding Committee will consider a final outline business case setting out recommendations on the preferred option for the future delivery of the Education and Skills service at its meeting on 12<sup>th</sup> January 2015. Three of the four options that are being considered would require the establishment of a separate legal entity partly owned by the Council to deliver the Education and Skills service. Policy and Resources Committee has responsibility for determining the overall strategic direction of the Council, specifically in relation to internal transformation programmes and strategic partnerships. This report therefore seeks approval from the Policy and Resources Committee for the Children, Education, Libraries and Safeguarding Committee to complete the detailed consideration of alternative delivery options involving the Council partly owning an arms-length delivery company, including agreeing to the commencement of procurement if appropriate. The final decision on new proposals relating to significant partnerships with external agencies and local authority companies are reserved to the full Council and, as such, the final decision on whether to set up a partly owned organisation will be taken by full Council, based on a recommendation from the Policy and Resources Committee.

2.2.12 An allowance has been included within the budget envelope for demographic growth in line with population projections for Adults and Communities and Children's Services. A small additional pressure is included for additional Streetscene costs arising from population growth.

2.2.13 The total pressures for each delivery unit are summarised below:

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Adult and Communities	0.8	1.68	2.018	2.014	2.375
Children's Services	0.72	1.952	1.565	1.368	1.281
Street Scene	0	0.36			
<b>Total</b>	<b>1.52</b>	<b>3.992</b>	<b>3.583</b>	<b>3.382</b>	<b>3.656</b>

## 2.3 Emerging risks over the next two years

2.3.1 There are a number of risks to the Council's financial position as a result of changes in demographics, changes to legislation and other factors. The Council holds reserves and contingency balances to address future risks and concerns. These risks will be kept under review as they materialise.

- **Welfare Reform:** The Government's Welfare Reform programme is continuing to be rolled out across the country. The Council is anticipating that Universal Credit will begin to be rolled out in Barnet from next spring, which will have an impact on housing and social care services (in Adults and Communities and Children's Services).

- **Social care funding reform and Care and Support Bill:** an introduction of a cap on contributions towards care costs will be introduced in 2016/17. This is likely to increase the pressure on the service. There will be additional funding for social care to local authorities however; at this stage it is unclear if this will meet the likely pressure;
- **Temporary Accommodation Costs:** The cost of temporary accommodation above the Local Housing Allowance has had an impact on the budgets of the Council and this could continue to increase unless alternative strategies are agreed. The Council allocated £1.5m into contingency in 2013 for temporary accommodation pressures.
- **Children's Placement Costs:** due to recent legislation changes within Children's services means that young adults will continue with foster carers until 21 and children who are placed with families now have to receive allowances that are the same rate as foster carers. These will increase the financial pressure on services.
- **Building Costs** as the economy has improved there has been an increased demand for building contractors which in turn has led to an increase in costs and materials. Also as Councils in London are building more this has meant that framework agreements at time have reached full capacity.

2.3.2 No additional budgetary provision has been made for these risk items in the MTFS at this stage. However, the Council's approach to contingency will need to continue to be cautious in the event that any of these risks materialise.

## 2.4 Capital programme additions 2015-2020

2.4.1 The MTFS includes provision for future capital expenditure on Council priorities through to 2020. These draft budget proposals include capital investment plans through to 2020 to ensure that Barnet continues to have the infrastructure it needs to be successful. So for example, sufficient provision needs to be made to ensure that sufficient school places exist in Barnet through to 2020. Roads and pavements investment is also important; this is a key concern for residents as demonstrated by recent residents' perception surveys. The Council also needs to ensure that sufficient provision is made for rolling programmes of upgrades to buildings, equipment, IT and other investment that supports the delivery of services.

2.4.2 The current programme for each theme committee is as below:

Theme Committee	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	Total £'000
Adults & Safeguarding	1,026				1,026
Assets, Regeneration & Growth	38,066	8,400	10,281	3,050	59,797
Children, Education, Libraries & Safeguarding	44,694	28,000	28,400		101,094
Environment	3,100	3,100			6,200
Housing	1,970	1,970			3,940
Policy & Resources	12,883	1,010			13,893
<b>Total</b>	<b>101,739</b>	<b>42,480</b>	<b>38,681</b>	<b>3,080</b>	<b>185,950</b>

2.4.3 The capital programme is funded in a number of different ways, but is summarised as follows:

- a) The Education Capital Programme is funded by a combination of Council allocated resources and government grant;
- b) The Housing Capital Programme is funded from available resources within the housing revenue account, brought together into the housing investment plan;
- c) Infrastructure needs and requirements are funded by the Council through the infrastructure reserve, which includes New Homes Bonus and Community Infrastructure Levy contributions; and
- d) Other corporate, highways and environmental requirements which are funded mainly through capital receipts and borrowing.

2.4.4 A capital budget envelope was given to each Committee as set out in the Policy and Resources Committee paper in September. It was recommended that Theme Committees review the capital programme for their respective remits and agree any proposed amendments and additions. These additional Capital proposals are summarised below for more detail in **Appendix D**:

Theme Committee	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £	Total £'000
Children, Education, Libraries & Safeguarding	(9,020)	2,825	(8,585)	25,400	25,400	36,020
Environment	15,750	13,350	9,100	8,450	7,525	54,175
Housing		1,080	1,630	1,680	1,730	6,120
Policy & Resources	0.750	0.75	1,000	1,000	1,000	4,500
<b>Total</b>	<b>7,480</b>	<b>18,005</b>	<b>3,145</b>	<b>36,530</b>	<b>35,655</b>	<b>100,815</b>

## 2.5 Review of reserves and contingency

2.5.1 Policy and Resources Committee in July 2014 agreed that a review of reserves and contingency be undertaken prior to the draft budget being presented back to Committee on 2 December.

2.5.2 Ultimately, 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.

2.5.3 The Council holds general unringfenced 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.

2.5.4 Corporate earmarked reserves have been set aside by the Council for a variety of purposes. Principally these are for unforeseen risks. The Council could, should it wish, change the basis of the allocation of these reserves. Any such change would be made by Council in setting the budget and would be on the advice of the Chief Finance Officer.

2.5.5 The infrastructure reserve holds New Homes Bonus, the Community Infrastructure Levy and the Council's share of profits from the Inglis Consortium. The Council is not legally bound to spend this money on infrastructure, but there is an expectation that it is used for this purpose, and the Council has a significant infrastructure burden across the borough which it must service.

2.5.6 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.

2.5.7 A review of reserves has been undertaken. In undertaking this review, a comparison has been made to levels of reserves held by other boroughs across London, and also a review has been undertaken of each specific

reserve. In terms of comparison across London, the following table sets this out:

Local Authority	Total Earmarked & Unallocated Reserves £'000	Net Revenue Expenditure £'000	Total Reserves as % of Net Revenue Expenditure
City of London	175,883	90,842	194%
Kensington & Chelsea	185,023	169,711	109%
Greenwich	232,397	234,368	99%
Hackney	197,316	261,507	75%
Wandsworth	122,329	188,730	65%
Bromley	98,730	176,698	56%
Hounslow	93,072	174,929	53%
Tower Hamlets	142,526	269,931	53%
Merton	69,603	135,299	51%
Bexley	74,067	148,396	50%
Redbridge	91,061	188,061	48%
Camden	124,509	261,625	48%
Westminster	90,752	194,757	47%
Hammersmith & Fulham	76,468	166,025	46%
Brent	98,651	228,780	43%
Havering	63,187	150,358	42%
Ealing	103,665	250,586	41%
Sutton	50,103	122,204	41%
Southwark	116,964	291,307	40%
Waltham Forest	74,625	194,591	38%
<b>Barnet</b>	<b>91,215</b>	<b>243,778</b>	<b>37%</b>
Barking & Dagenham	52,045	144,774	36%
Richmond upon Thames	52,274	146,282	36%
Haringey	82,934	237,579	35%
Enfield	81,679	247,313	33%
Islington	77,280	245,805	31%
Lambeth	92,642	300,330	31%
Lewisham	72,218	259,656	28%
Croydon	65,124	258,677	25%
Kingston Upon Thames	28,065	120,175	23%
Hillingdon	41,885	181,669	23%
Newham	58,482	261,089	22%
Harrow	26,355	163,888	16%

2.5.8 A list of all Council reserves, and commentary, is included in **Appendix G**. The outcome confirms that the Council is holding an appropriate amount in reserves. It also proposes that the service development reserve be merged with the transformation reserve.

2.5.9 A review has also been undertaken of contingency balances. This has confirmed that the Council holds an appropriate level of contingency given the risks and pressures identified in this report. The current contingency balance sits at £4.981m. Of this, £0.6m is held for pressures in respect of temporary accommodation, £2m in respect of welfare reform pressures, £0.251m in respect of inflationary pressures, and £2.13m for general budgetary risks. In light of potential future costs of the implementation of the Care Act and the remaining budget gap it is recommended that contingency balances remain at this level.

## **2.6 Transformation programme**

### **Programme approach**

2.6.1 Delivery of the outcomes set through Corporate Plan and the savings required by the MTFs will be achieved by putting in place a transformation programme. At the heart of this approach is an invest to save model, achieving cumulative benefits of £124m by 2020.

2.6.2 The delivery of a transformation programme will require additional funding to be allocated to the Transformation Reserve, with an expectation that the programmes and projects achieve significant financial benefits for the taxpayer as well as delivery of the desired outcomes. The Council has a strong track record in achieving efficiency savings and will continue to deliver continuous improvement within services. However, the size of the challenge requires additional skilled capacity and delivery arrangements, beyond current business as usual operations. Between 2010 and 2020, the Council's spending power will have reduced by 40%, and the draft budget and Corporate Plan set out a wide range of changes and reforms. A programme team will be established, funding backfill to enable Council service leads to have capacity to design and implement changes, provide project management capacity, and ensure that effective legal, commercial and technical support is in place. Where ever possible, our approach will be to use fixed-term salaried posts to provide value for money for taxpayers.

2.6.3 The successful delivery of the transformation programme will achieve savings of £44.4m over the duration of the Medium Term Financial Strategy (MTFS), with an estimated cost of £16.1m. This gives a return of investment of close to £3 saved from the base budget for every pound spent from the Transformation Reserve. For illustrative purposes, the estimated cumulative saving over the period of the MTFs is £124m.

2.6.4 The Council already 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. We will continue to review and challenge the delivery of all projects using a risk-based approach. Larger, more complex or more innovative projects will be subject to internal audit and, where required, external gateway reviews.

- 2.6.5 The transformation programme is planned to operate over the medium-term. At this stage, the Council is identifying the anticipated funding requirements to enable the programme to progress. Each project will be subject to review and challenge, with business cases reported to Committees at relevant points in time - with a strong focus on ensuring that the costs are proportionate with the benefits of delivering the project.
- 2.6.6 The initial estimate of the cost to the Transformation Reserve is based upon:
- The confirmed costs of projects which have already been initiated through Committees
  - The estimated costs of later phases of projects which are currently in progress
  - An indication of areas of work which are within the Council's Corporate Plan and Commissioning Plans but have yet to be developed into projects, with an estimated budget allocation to enable delivery
- 2.6.7 Each project will set out clear benefits, related to the delivery of the Corporate Plan and MTFS.
- 2.6.8 This is an on-going programme and the content and structure of the programme has been developed to reflect this. A further iteration of the programme will be developed in early 2015, following consultation and engagement on the Corporate Plan, budget and MTFS – to ensure the programme is enabled and delivers the required outcomes. Progress against relevant programmes and projects will be reported to Performance and Contract Monitoring Committee each quarter.

### **Use of the Transformation Reserve**

- 2.6.9 The Council has put in place a Transformation Reserve to enable successful delivery of required changes. The majority of savings identified and agreed within the budget for 2015/16 have already been enabled through projects delivered during the current financial year.
- 2.6.10 A projected balance on the transformation reserve is expected to be approximately £6m at the end of 2014/15. The total funding required for future projects is £16m, so the balance of £10m will be transferred to the transformation reserve from the service development reserve. An initial draw down of £2.2m is requested in line with the table below, and the remaining balance will be earmarked for future projects. These drawdowns will be requested when projects reach the appropriate gateway.

Funding request	Amount
To effect drawdowns requested by Children's, Education and Libraries Committee (September 2015 and October 2015) and full Council (November 2014).	<ul style="list-style-type: none"> <li>- Libraries Strategy: £200,350</li> <li>- Early Years: £345,290</li> <li>- Nurseries: £70,000</li> <li>- Education &amp; Skills: £50,000</li> </ul> <p><b>Sub-total: £665,640</b></p>
To continue to deliver projects achieving savings in 2015/16	<ul style="list-style-type: none"> <li>- Unified Reward: £450,000</li> <li>- Streetscene: £650,000</li> <li>- Housing improvement and efficiency: £150,000</li> <li>- Banking procurement: £115,000</li> <li>- Programme support: £250,000</li> <li>- Smarter Working: £250,000</li> </ul> <p><b>Sub-total: £1,505,000</b></p>

### 3. REASONS FOR RECOMMENDATIONS

- 3.1 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 legislation changes.

### 4. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 4.1 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 from new business. Alternatives to this could include more significant cuts to services the Council provides, but these are not included in this report.

### 5. POST DECISION IMPLEMENTATION

- 5.1 If this report is agreed, these budget proposals will be incorporated into the Council's draft budget proposals for 2015-20, which will be considered by Policy and Resources Committee in February 2015 and Full Council in March 2015. The Commissioning Plan will form the basis of the Policy and Resources Committee future strategic work programme including future business cases to deliver savings.

## 6. IMPLICATIONS OF DECISION

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

6.1.1 In addition to continued spending reductions, demographic change and the resulting pressure on services poses a significant challenge to the Council. The organisation is facing significant budget reductions at the same time as the population is increasing, particularly in the young and very old population cohorts. Given that nearly two thirds of the Council's budget is spent on Adult Social Care and Children's Services, this poses a particular challenge as these services are predominantly 'demand led'.

### 6.2 Revenue

6.2.1 The MTFs (**Appendix B**) sets out the £73.5m savings target for the Council based on a number of assumptions listed above.

6.2.2 The revenue budget proposals plan (**Appendix C**) will enable the Council to meet its £73.5m savings target as set out in the MTFs (**Appendix B**). These budgets will be formally agreed each year, after appropriate consultation and equality impact assessments, as part of Council budget setting, and therefore could be subject to change.

### 6.3 Capital

6.3.1 Policy and Resources Committee on the 21st July 2014 agreed the process for Theme Committees to review the capital programme and the development of capital programme priorities for the period 2015-2020.

6.3.2 As part of that process, Policy and Resources Committee allocated funding for capital investment to be reviewed and prioritised by the Theme Committee including any amendments and additions.

6.3.3 The allocation of the additional Capital which was agreed by Committees is attached (**Appendix D**).

### 6.4 Staffing

6.4.1 The budget proposals in this report will have an impact on staffing across the organisation. A number of budget proposals will result in a reduction in posts in the organisation. For 2015/16, this impact is set out in **Appendix C** to the report, and is summarised as follows:

	<b>FTE reduction</b>
Adults and Communities	6
Family Services	28
Streetscene	29
Commissioning Group	4
<b>Total</b>	<b>67</b>

6.4.2 The savings in Adults and Communities relate to a review of back office support in the delivery unit. The savings in Family Services relate to the cross-service restructure which is currently in progress. The savings in the commissioning group relate to review which is currently in progress. Savings in streetscene relate to changes in the delivery of street cleansing, waste route optimisation and the internalisation of fleet

6.4.3 In addition to the above, an options appraisal for the future delivery of Education and Skills services is currently being undertaken, the preferred option which could result in staff TUPE to another provider. Future budget savings for 2016 onwards will be reviewed for the impact on staffing at the appropriate time following public consultation and committee decisions.

6.4.4 For 2015/16, consultation with staff will take place in accordance with the Council's HR policies and are being led by the respective delivery unit. A report on the full impact of budget proposals on staff, which will trigger staff consultation on the budget package as a whole, will go to general functions committee in December.

6.4.5 Proposals once determined could potentially have workforce implications which may result in redundancies. The Council will seek to mitigate redundancies through the redeployment process and a reduction in agency usage. Any substantial changes are subject to consultation as set out in the Council's Managing Organisational Change Policy and will be subject to consultation with Staff and Trade Unions and equality impact assessments before implementation.

## **7 Legal and Constitutional References**

7.1.1 All proposals emerging from the business planning 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.

7.1.2 Constitution Responsibilities for Functions Annex A sets out the terms of the Policy and Resources Committee.

7.1.3 Any decision made should be made after appropriate consultation and consideration of equality impacts.

7.1.4 Decision makers should have due regard to the public sector duty in making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome. Consideration of the duties should proceed the decision. It is important that decision makers have regard to the statutory grounds in the light of all available material.

## **Consultation**

7.1.5 As a matter of public law the duty to consult with regards to proposals to vary, reduce or withdraw services will arise in 4 circumstances:

- 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.

7.1.6 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 allow 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 extent to which alternatives and discarded options are required to be consulted on

7.1.7 Finally 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.

## **Public Sector Equality Duty**

7.1.8 The general duty on public bodies is set out in section 149 of the Act.

7.1.9 A public authority must, in the exercise of its functions, have due regard to the need to:

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

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

(c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.1.10 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

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

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

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

7.1.11 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

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

(a) Tackle prejudice, and

(b) Promote understanding.

7.1.13 Compliance with the duties in this section may involve treating some persons more favourably than others but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

7.1.14 The relevant protected characteristics are:

- Age;
- Disability;
- Gender reassignment;
- Pregnancy and maternity;

- Race;
- Religion or belief;
- Sex; and
- Sexual orientation.

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

7.1.16 Through the process of finalising the budget and Corporate Plan, the Council will need to satisfy itself that these requirements have been adhered to in formulating the proposals referred to in this report.

## **8 Risk Management**

There is a risk that the savings and efficiencies proposed for the 2015/16 budget and MTFs to 2020 may have a negative impact on some groups of residents when combined with the impact of welfare reform and increasing cost of living. The Council has put in place support for people who will be affected by welfare reform, in particular measures to support people into work and to stay in work, and through funding support such as Discretionary Housing and Crisis Fund payments. In addition, the Council has also sought to bear down on Council Tax since 2010. Further analysis of budget proposals will be undertaken following the budget consultation to consider the cumulative impact of changes and to draw this to the attention of decision makers

8.1.1 As the Council continues to transform and reduce expenditure, there is a continuing risk of challenge. Any decision (for example reductions to service budgets or service redesign) is potentially open to challenge. Whilst no public body is immune from challenge the risk can be significantly reduced by adopting best business planning practice, an inclusive approach to engagement, a clear understanding of the impact of proposed changes, consideration of mitigations and monitoring of outcomes. To mitigate the risk and to provide a robust response in the event of any challenge, it is important to demonstrate that the Council has complied with all relevant statutory duties in budget planning and that processes have been conducted in a consistent, rigorous and open minded way, carried out a full consultation and taken the consultation results into consideration before making the final decisions.

8.1.2 The Government has already announced indicative local government funding allocations for 2015/16, and it is clear that future funding reductions will continue beyond that point. Current modelling suggests that this is likely to equate to further annual reductions of between £15m and £20m to the Council's budget. For this reason, it is important that the Council continues to be prudent with its use of reserves and contingency to militate against future cuts.

## 9 Equalities and Diversity

- 9.1.1 The Equality Act 2010 and The Public Sector Equality Duty outlined in that statute (See paragraph 7 of this paper on legal issues and the equalities section of this report) require Members to satisfy themselves that equality impact considerations have been fully taken into account in all proposals emerging from the finance and business planning process, together with any mitigating factors. At Policy and Resources Committee on 10 June, Members discussed the concept of fairness and advised that Theme Committees 'should be mindful of fairness and in particular, of disadvantaged communities when making their recommendations on savings proposals'
- 9.1.2 The Council's aim – particularly during these financially challenging times – is to make sure that all residents from our diverse communities share the opportunities of growth and to ensure that the decisions we take do not disproportionately impact on people who may experience disadvantage. This includes groups with protected characteristics across the borough.
- 9.1.3 As with last year, the Council will consider the cumulative impact of the budget proposals on the 9 characteristics protected by Equality Act 2010, together with the cumulative impact on other areas of disadvantage which were highlighted in last year's assessment of cumulative equalities impact of budget proposals. This includes those on low wage and benefits, people who are unemployed, adult dependent and young carers people with particular disabilities for example learning and mental health difficulties, particular geographic areas of disadvantage which might mean they face additional barriers
- 9.1.4 The Council's aim is to provide equality of access and opportunity by knowing about differences and responding to different needs so that all our citizens can make equal choices and have fair life chances in Barnet. The Council's commitment to fairness is set out in our Equal Opportunities Policy and our Strategic Equalities Objective - that citizens will be treated equally, with understanding and respect; have equal opportunity with other citizens; and receive quality services provided to Best Value principles. This will be delivered through the Corporate Plan, Theme Committee Commissioning Plans and Priorities and Delivery Unit and Corporate Strategies.
- 9.1.5 Growing diversity in the demographic makeup of the borough's population including growth in both young and older people, has been taken into account in Barnet's approach to determining both the corporate strategy and service responses in this paper so that we reflect the aspirations and contributions of current residents
- 9.1.6 Similarly, all human resources implications will be managed in accordance with the Council's Managing Organisational Change policy that supports the Council's Human Resources Strategy and meets statutory equalities duties and current employment legislation. Full equality impact assessments have been completed on the outsourced projects to ensure that section 149 of the Equalities Act is complied with.

- 9.1.7 Since January 2014, in response to organisation change, including the set-up of the Customer and Support Group and Re, the Developmental and Regulatory Services, the Council has taken action to strengthen its approach to Equalities. The action taken ensures that roles and responsibilities are clear and allows a common approach to equalities to be taken across internal and external Delivery Units. The Council's Equality Policy has been refreshed and guidance provided to Delivery Units, through workshops and updates to intranet and internet sites. An equalities briefing was organised for Members and the Council published an Annual Report on equalities in June 2014.
- 9.1.8 As in previous years, the focus of the 2015/16 proposals has been to make savings as far as possible through efficiencies and to target limited financial resources to the services that deliver the best outcomes for residents. According to the budget templates for 2015/16, 93% of the proposed savings will come from efficiencies.
- 9.1.9 At this stage of the budget planning process for 2015/16 savings and MTFS savings to 2020, Delivery Units have conducted a preliminary high level review of the equalities impact of initial proposals. Some budget savings are continuing from previous years and a small proportion are new.
- 9.1.10 To meet the requirement for Members outlined at paragraph 5.1 Delivery Units will review their equality analyses as proposals develop and in response to consultation feedback. Savings that are continuing from previous years will require on-going analysis and new savings will require initial analysis. The council will take a consistent approach to assessing the equalities impact of their proposals including any cumulative impact on any particular group and any mitigating actions that can be put in place and to refine equality assessments as proposals develop.
- 9.1.11 The majority of EIAs have been completed and updated in relation to 2015/16 proposals and the detail will be included in the final budget report to Policy & Resources Committee and Full Council. The 'people' services - Children's Services and Adults and Communities - are amongst the Delivery Units conducting EIAs on proposals that will impact residents. Of the EIAs submitted for 15/16, none are showing significant negative impact. There are 8 EIAs for Adults savings proposals for 2015/16. Of these 3 are showing significant positive impacts from support for independent living for younger adults with disabilities, supporting people who live outside the borough to settle in their chosen area and younger adults mental health arrangements; 3 are showing minimal positive impact, the community offer, working with leisure services to reduce dependency on specialist day care provision and support for carers; 1 is showing impact not known for back office staff reductions and two savings proposals from renegotiation of existing contracts and 1 EIA is showing minimal negative impact from changes to the model for Floating Support.
- 9.1.12 The Children's Service EIA for early years is showing a minimal positive impact from a model that aims to deliver improved outcomes and for the Education and Skills EIA. This will be updated before Policy & Resources

Committee in February and the final budget decisions are taken at Full Council in March.

9.1.13 An EIA is required to outline the impact of the savings efficiency for SEN transport for children. This is currently being prepared by Children's Services and will come back to Policy and Resources Committee in February 2015.

9.1.14 Mitigations for negative impacts are listed in equality Action Plans for relevant proposals.

## **10 CONSULTATION AND ENGAGEMENT**

10.1.1 Budget proposals for 2015/16 and the indicative MTFs to 2020 will be subject formal consultation before final decisions are taken at Full Council in March 2015.

10.1.2 This report also sets out proposals from the Council's high-level strategic objectives – to form the basis of a new Corporate Plan from 2015 - 2020, Commissioning Plans for 2015-20 and an indicative MTFs which sets out indicative plans which go a long way to meeting the meet the forecast budget deficit of £73.5m by 2020. Individual proposals for future years included in the MTFs will be subject were necessary to full consultation and equalities impact assessments at the appropriate time before they are cast into the annual budget.

10.1.3 The 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.

10.1.4 The consultation aims to set a new approach to business planning and engagement by consulting on the combined package of the Corporate Plan; Commissioning Priorities; and budget. The consultation aims 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.

### **Preliminary consultation**

10.1.5 The Council has already undertaken a range of consultation to inform the Council's development of the Corporate Plan strategic priorities and 5 year

Commissioning Plans, along with indicative savings proposals to inform the MTFs, setting the scene for upcoming consultation.

10.1.6 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.

10.1.7 The table below outlines the phases of the preliminary engagement;

<b>Phase</b>	<b>Date</b>	<b>Summary</b>
Phase 1: Setting out the challenge	<i>Summer 2013</i>	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	<i>October 2013 - June 2014</i>	<ul style="list-style-type: none"> <li>• 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</li> <li>• An open 'Call for Evidence' asking residents to feedback ideas on the future of public services in Barnet.</li> </ul>
Phase 3: Engagement through Committees	Engagement through Committees	<ul style="list-style-type: none"> <li>• Focus on developing Commissioning Plans and MTFs proposals for each of the 6 committees</li> <li>• Engagement through Committee meetings.</li> </ul>

10.1.8 Consultation through this period has included staff briefings with 1,400 staff engaged through over 20 briefings during September 2014.

### **Formal consultation**

10.1.9 The preliminary engagement has informed the development of the Council's budget proposals, to be put forward for consultation. This phase will be split into three strands:

- General budget consultation on the 2015/16 budget
- Service specific 2015/16 proposals that have not yet been consulted on
- Corporate Plan Priorities, and Theme Committee Commissioning Plans, and the overall MTFs from 2015 - 2020.

10.1.10 To allow for an 8-9 week budget consultation, Consultation will begin after Full Council on 17 December 2014 and conclude on 11 February 2015, with an interim consultation report taken to Policy & Resources Committee in February 2015 and the final report – reflecting any variations – taken to Full Council in March 2015.

### **General budget consultation on the 2015/16 budget**

10.1.11 The 2015/16 budget consultation will focus on the overall size and individual components of the 2015/16 budget in general terms.

10.1.12 Residents will be invited to give their views through an online survey. Also as part of the Council's statutory duty to consult with National Non Domestic Rate Payers (NNDRs), letters will be sent out to all the council's NNDRs inviting them to take part in the online consultation.

10.1.13 In terms of service specific consultations the Council has a duty to consult with services in a number of different situations including where proposals to significantly vary, reduce or withdraw services. Consultation is also needed in other circumstances, for example to identify the impact of proposals or to assist with complying with the Council's equality duties. In regard to the 2015/16 budget there will be specific service consultations including Education and Skills: Special educational needs transport savings

### **Staff Consultation**

10.1.14 There will be staff consultation about these proposals in compliance with s188 of the Trade Union & Labour Relations (Consolidation) Act 1992. This collective and individual staff consultation will take place following GFC on the 3<sup>rd</sup> December.

### **Corporate Plan Priorities, Commissioning Plans, and Medium Term Financial Strategy (MTFS) Consultation**

10.1.15 The Corporate Plan priorities, Commissioning Plans and MTFS consultation will focus on the Council's high-level strategic priorities, forming the basis of the revised Corporate Plan for 2015-20 as well as each individual Committee's Commissioning Plans, which sets out the shape of the Committee's budget to 2020. . The consultation will use a mixed method approach of an online survey, face to face engagement and a series of workshops which will be targeted at a demographically representative sample of Barnet residents to understand the views of our different communities.

10.1.16 There will be further consultation on individual savings proposals outlined as part of the MTFS when they are cast into budgets in future years, before final decisions are taken. Consultation will be used to identify the impact of proposals in-depth and to assist with complying with the Council's equality duties.

## 11 BACKGROUND PAPERS

Relevant previous decisions are indicated in the table below.

<b>Item</b>	<b>Decision</b>	<b>Link</b>
Corporate Plan priorities and Medium Term Financial Strategy 2015-16 – June 2014	To approve 5 year Commissioning Plan and, proposals for meeting financial targets set out in the Medium Term Financial Strategy (MTFS)	<a href="http://barnet.moderngov.co.uk/ieDecisionDetails.aspx?AllId=7360">http://barnet.moderngov.co.uk/ieDecisionDetails.aspx?AllId=7360</a>
Finance and Business Planning – Capital Programme and Review of Reserves	Agree the process for theme Committees to review the capital programme and the development of capital programme priorities for the period 2015-20. Agree the process for the review revenue reserves which will come back to this committee in December 2014	<a href="http://barnet.moderngov.co.uk/ieDecisionDetails.aspx?AllId=8075">http://barnet.moderngov.co.uk/ieDecisionDetails.aspx?AllId=8075</a>
Education and Skills – Future Delivery of Services	Children, Education, Libraries and Safeguarding Committee note that the draft outline business case will be referred to the Policy and Resources Committee for approval of the consideration to set up a separate legal entity to deliver education and skills services	<a href="http://barnet.moderngov.co.uk/ieDecisionDetails.aspx?AllId=7861">http://barnet.moderngov.co.uk/ieDecisionDetails.aspx?AllId=7861</a>