

	<p>Policy and Resources Committee</p> <p>5th September 2017</p>
<p style="text-align: right;">Title</p>	<p>Capital Programme Update</p>
<p style="text-align: right;">Report of</p>	<p>Director of Resources (S151 officer)</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>Yes</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix A – Additions, deletions, slippage, accelerated spend Appendix B – Updated Capital Programme</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Paul Clarke Head of Finance 0208 359 2800 Paul.Clarke@Barnet.gov.uk</p>

<p>Summary</p>
<p>This report outlines the Council’s capital strategy and proposed expenditure and income budgets from 2017/18 to 2019/20 and outlines future years’ strategy for refreshing the capital programme to 2025.</p>
<p>This report details proposed changes to the programme and provides an update on key issues which may affect the programme in the future.</p>
<p>The paper seeks approval from the Committee to:</p> <ul style="list-style-type: none"> a) Update the capital programme b) Authorise the Section 151 officer to explore cheaper borrowing options

<p>Recommendations</p>
<p>The report recommends the Committee:</p>

- 1. Approves the additions, deletions, slippage, accelerated spend in relation to the 2017/18 capital programme displayed in Appendix A**
- 2. Approves the additions to the capital programme described in paragraph 1.6.9**
- 3. Notes the potential future required amendments to the capital programme outlined in paragraph 1.6.10**
- 4. Notes the proposed method of refreshing the Capital Programme through to 2025 as outlined in Section 1.7 of this report.**
- 5. Notes the Capital financing strategy as outlined in Section 1.8 of this report.**
- 6. The Section 151 officer of the Council be authorised to investigate more favourable borrowing options than the PWLB as outlined in paragraph 1.8.6**

1. WHY THIS REPORT IS NEEDED

1.1 Executive Summary

- 1.1.1 The Council has developed a significant, long-term capital strategy. This report includes the detail of this up to 2019/20 to clearly show the full quantum of expenditure commitments during this period. This is to ensure that the benefits the Council intends to deliver through the programme are financially viable in the long-term.
- 1.1.2 Section 1.2 of the report provides details on the policy context within which the programme is constructed and the aims and objectives it is designed to deliver. The report further sets out, in section 1.7 the processes which establish the principles to be followed in order to further plan the Councils capital programme to 2025.
- 1.1.3 The Council has a significant capital programme across both the General Fund and the Housing Revenue Account (HRA). This supports the strategic aims of the Council, as defined in its Corporate Plan, with its corporate priorities of Delivering quality services; Responsible growth, regeneration and investment; Building resilience in residents & managing demand; Transforming local services and Promoting community engagement, facilitating independence & building community capacity. Capital proposals are considered within the Council's overall medium to long term priorities, and the preparation of the capital programme is an integral part of the financial planning process. This includes taking account of the revenue implications of the projects in the revenue budget setting process.

- 1.1.4 The capital programme will deliver a wide range of benefits to the borough, including:
- new improved leisure, libraries and education facilities, as well as enterprise space and improved public realm;
 - 320 new affordable homes are planned on Council land by 2020;
 - improved public spaces, transport and other infrastructure to ensure the continued growth and its character as an outer borough of the world's greatest city;
 - improved public realm and pedestrian environment to accommodate safe and efficient travel in the borough;
 - well-maintained, efficiently managed infrastructure, allowing residents and businesses to enjoy clean, high quality roads.
- 1.1.5 The report includes a summary overview of current budgets with Appendix B containing a detailed breakdown of the programme by service. The report also includes an analysis of the changes in the programme from that approved in March 2017.
- 1.1.6 The changes from the currently approved 2017/18 to 2019/20 General Fund programme are detailed in paragraph 1.4.3. Overall, a net £125.667m would be added to the programme if all recommendations within this report are approved.
- 1.1.7 In addition, some projects have been reprofiled, for a variety of reasons including variances in the anticipated timings in the design process, completion of acquisition/land assembly stages, obtaining planning permission and starting on-site construction. These changes have no net impact on the overall cost of the programme.
- 1.1.8 The proposed budget is fully funded, but this depends on the schemes being delivered on time, within budget and capital receipts being generated as anticipated. Any increases in expenditure or reductions in external funding will need to be managed by the service areas and either contained within the project or funded from elsewhere within the relevant service.

1.2 Policy Context

- 1.2.1 Barnet's five strategic priorities set out in the council's Corporate Plan are; delivering quality services; responsible growth, regeneration and investment; building resilience in residents and managing demand; transforming local services; and promoting community engagement, facilitating independence and building community capacity.

- 1.2.2 The new priority of delivering quality services was introduced for 2017/18. The council has ambitious plans and this priority is around ensuring that despite the challenges faced, the quality of the local services is not compromised. This means getting the basics right and focussing on the services that matter most to our residents, such as keeping our neighbourhoods clean and safe and ensuring our roads and pavements are well looked after.
- 1.2.3 The council continues to use the proceeds of growth to invest in the borough's critical infrastructure. The capital investment programme totals £834 million to 2020 and examples of where this will be spent are highways improvements, community hubs, and early education and childcare places to ensure that Barnet remains a great place to live, work, and study. Local regeneration schemes will also bring new jobs to the borough, and the council is working with partners to ensure the right support is in place to allow our residents to access these opportunities.
- 1.2.4 With London and Barnet set to continue growing, the increasing population and changing demographics will place more and more pressure on local services. A key part of our strategy is to redesign our services to reduce demand so that our resources can be targeted at those most in need.
- 1.2.5 In order to meet our priority outcomes we are considering the case for delivering differently in all of our services. This involves working effectively with partners and co-locating services to allow targeted support. Transforming the way we work also includes how we work internally, and a core part of this is the office move to Colindale which will make the council more accessible by bringing us closer to the community, support the regeneration in the west of the borough, and reduce the amount spent on accommodation.
- 1.2.6 We are actively working with communities to help them take more responsibility for their local areas and to empower and equip residents to do more for themselves as our funding decreases, thereby reducing dependence on our services. The council has a Community Participation Strategy in place to support this priority.

1.3 Approved Capital Programme

- 1.3.1 The 2017/18 Capital programme was approved at full Council on the 7th of March 2017. This meeting approved capital programme totals £834m up to 2020, funded from a combination of capital receipts, borrowing, revenue and external grant contributions. The MTFS includes provisions for future capital expenditure on council priorities through 2020.

1.3.2 The original capital programme is displayed below:

Theme Committee	2016-17	2017-18	2018-19	2019-20	Total
	£'000	£'000	£'000	£'000	£'000
Adults & Safeguarding	2,625	21,903	11,540	-	36,068
Assets, Regeneration & Growth	37,818	100,102	41,630	7,700	187,250
Children, Education, Libraries & Safeguarding	45,536	52,824	60,640	51,426	210,426
Community Leadership	208	-	-	-	208
Environment	21,906	28,652	13,932	10,430	74,920
Housing	13,123	38,409	33,866	16,141	101,539
Policy & Resources	15,366	24,999	1,000	1,000	42,365
Housing Revenue Account	39,218	77,118	36,128	28,509	180,973
Total	175,800	344,007	198,736	115,206	833,749

1.4 May & June 2017 Policy and Resources Committee Approved Changes

1.4.1 A number of approved changes have occurred to the capital programme budget since its original approval in March 2017 as it has been updated to reflect individual project progression. These changes can be summarised as occurring for the following reasons:

- Final outturn at the end of 2016/17 included £40.3m of net in-year underspends that were approved to be carried forward into 2017/18;
- £8m approved acquisition to the Housing General Fund capital budget to purchase out of borough property
- £10m approved capital works within the HRA for the purpose of fire safety works as a result of the Grenfell tragedy
- Additions of £46.067m with the largest value items consisting of a revised forecast for Thameslink of £24.707m, increase in budget for the Oakleigh Depot (£4.280m) and Phase 2 of the Customer Transformation Programme (£3.913m).

1.4.2 Net changes to the originally approved capital programme are displayed below:

Theme Committee	2017-18	2018-19	2019-20	Total
	£'000	£'000	£'000	£'000
Adults & Safeguarding	1,326	-	-	1,326
Assets, Regeneration & Growth	40,440	-	-	40,440
Children, Education, Libraries & Safeguarding	17,669	(100)	(100)	17,469
Community Leadership	71	-	-	71
Environment	3,978	707	110	4,795
Housing	16,539	1,192	-	17,731
Policy & Resources	5,599	3,524	120	9,243
Housing Revenue Account	12,896	410	-	13,306
Total	98,518	5,733	130	104,381

1.4.3 Consisting of:

	£'000	Approval Date	Council / Committee
Originally Approved Budget	657,949	07 Mar 2017	Council
Plus Acquisition - out of borough property	8,000	16 May 2017	P&R Cttee
Plus Additions	46,067	27 Jun 2017	P&R Cttee
Plus 2016/17 Slippage	40,313	27 Jun 2017	P&R Cttee
Plus HRA Fire Safety Works	10,000	27 Jun 2017	P&R Cttee
Current Capital Programme	762,330		

1.5 Current Capital programme

1.5.1 The effect of these changes is illustrated below on a year-by-year basis. Appendix B provides the full detail:

Theme Committee	2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Adults & Safeguarding	23,229	11,540	-	34,769
Asset, Regeneration and Growth	140,542	41,630	7,700	189,872
Children's Education, Libraries & safeguarding	70,493	60,540	51,326	182,359
Community Leadership	71	-	-	71
Environment	32,630	14,639	10,540	57,809
Housing	54,948	35,058	16,141	106,147
Policy & Resources	30,598	4,524	1,120	36,242
Housing Revenue Account	90,014	36,538	28,509	155,061
Total	442,525	204,469	115,336	762,330

1.6 Updates to the Capital Programme

1.6.1 Any changes to the capital programme are required to be approved by Policy and Resources Committee. Appendix A shows the additions, deletions, slippage, accelerated spend in relation to the 2017/18 capital programme and associated changes to funding.

1.6.2 Additions

1.6.3 Brent Cross further land acquisition

This addition relates to further land acquisitions as part of the Brent Cross Development project. The addition of £59.162m to the remaining scheme budget of £37.229m will allow the Council to continue to purchase properties under CPO legislation. These acquisitions will act as an investment, generating a greater return either through capital receipts, ongoing revenue income or dividends from Special Purpose Vehicles. The Council will not incur any additional external borrowing until Brent Cross North development proposals go unconditional which is anticipated in June 2018.

	18/19	19/20	Total
	£'000	£'000	£'000
Land Acquisitions	58,152	1,010	59,162

1.6.4 Strategic Infrastructure Fund

This addition relates to the provision of the required infrastructure to support Brent Cross South. It is considered necessary to establish a Strategic Infrastructure Fund to forward fund infrastructure works that benefits a phase as a whole, rather than individual plots. It is envisaged that this fund will be used to ensure that the improvements and provision of additional leisure and sports facilities on Clitterhouse Playing Fields and Claremont Park are provided early in the development programme to the benefit of the wider community as well as the first phase scheme. This fund will be established by the council and will be repaid via commercial returns from plot development.

	18/19
	£'000
SIF Investment	23,000

1.6.5 Thameslink Station

This £29.159m addition relates to land acquisitions in line with the Thameslink Station Project. It relates to the CPO3 phase of the project and will be funded by 2018/19 tranche of the DCLG Grant which totals £97m.

	18/19	19/20	Total
	£'000	£'000	£'000
Thameslink Station	774	28,385	29,159

1.6.6 Colindale Station Works

This addition relates to the anticipated Council contribution to the cost of the Colindale Station Works. This 2017/18 amount of £2.750m is funded by CIL contributions from wider Colindale development.

1.6.7 Sports and Physical Activity

The modelled costs for the schemes based on the RIBA (Royal Institute of British Architects) design stages have previously been presented to P&R,

both as part of capital programme reports and in specific reports on the construction of the new leisure centres. The RIBA stage 4 costs have now been completed. As previously reported to P&R, final cost certainty is achieved at the completion of RIBA stage 4 and construction costs may increase through RIBA stages until designs are completed. A number of factors have contributed to the requirement of an addition of £5.596m to recognise the updated and final budget of the scheme following completion of RIBA stage 4. The addition also ensures that sufficient contingency is in place to meet future unforeseen costs.

However the increase in budget is partially funded by the Council securing an additional £1.25m in external funding towards additional facilities together with an allocation of Community Infrastructure Levy funding of £0.663m which brings the net additional cost down to £3.683m. The balance will be met through prudential borrowing which is affordable based on the income from the procurement of the leisure contract. The RIBA Stage 4 costs have been subject to independent cost assurance by Gardiner and Theobald LLP and are considered to be achieving best value within the construction market place. Stage 4 completes the technical requirements which are developed in order to service the functionality and operation of the building. The construction cost increase areas from RIBA Stage 3 to Stage 4 can be attributed to:

- Normal construction price inflation
- Technical costs related to site conditions e.g. substructure
- External work areas which do not directly relate to the gross internal floor area of the facilities (e.g. roads, paths, paving and surfaces, landscaping, planting, external fixtures), necessary to meet planning requirements.
- Technical refinement of the mechanical and electrical requirements.

1.6.8 Strategic Opportunities Fund

The capital programme currently includes £20m budget towards the acquisition of strategic assets when the opportunity arises. A further allocation of £6m to this fund is recommended in order to ensure the Council can take advantage of opportunities where the business case indicates a net positive contribution of economic benefits.

1.6.9 A summary of these additions is provided in the table below.

Project	Cost £'000	New / Addition	Reason	Funding
Brent Cross further	59,162	Addition	Further land acquisitions	Borrowing

land acquisitions				
Strategic Investment Fund	23,000	New	Wider community infrastructure	Borrowing
Thameslink Station	29,159	Addition	Land acquisition as part of CPO3	Grant
Colindale Station Works	2,750	New	Council contribution to Colindale Station Works	CIL
Leisure Centre	5,596	Addition	Reflects updated inflation estimates following competitive exercise, technical refinement and Stage 4 final cost estimates	£3.683m Borrowing £0.663m CIL £1.250m External funding
Strategic Opportunities Fund	6,000	Addition	Expansion of current scheme to exploit commercial opportunities which will deliver net future economic benefits	Borrowing

1.6.10 Other Future Changes

1.6.11 The capital programme approved in March 2017 budgeted £14.800m for Primary School Place Planning to 2019/20. Analysis performed by the Council now indicates that primary school projections are lower than originally anticipated. It is believed that this is caused by less inward migration of families from European nations as a result of the uncertainty caused by Brexit coupled with the impact of free schools opening within the Borough and meeting some of the need.

1.6.12 Detailed analysis is required however these factors could mean a reduction in monies required by the programme. The full impact of this will be presented within the December 2017 budget report. The allocation for Secondary School Place Planning appears to stable and therefore minimal movement in the £64.782m budget to 2019/20.

1.7 **Capital Programme refresh to 2025**

1.7.1 In the March 2017 budget report the Council indicated it will be undertaking a 'Priorities and Spending Review' (PSR) to fully revise the MTFs through to 2023. It is now envisaged this will focus on proposals through to 2025. As part of this work, officers of the Council will be looking to make proposals across both the revenue and capital budgets to best deliver the Corporate Plan.

1.7.2 This spending review will incorporate the Council's section 106 and Community Infrastructure Plans together with service specific policies such as the Parks and Open Spaces plan.

1.7.3 This holistic approach to spending decisions will result in a proposed capital programme as a component of the PSR exercise outcome and is due to be presented following the May 2018 local elections.

1.8 Capital Funding Strategy

1.8.1 The best value for money approach to financing capital expenditure is achieved by allocating specifically received funding first, followed by unringfenced capital funding, then other contributions and finally borrowing.

1.8.2 The approach as described above must follow the steps strictly in the order below to ensure minimum impact on the council's resources:

- Specific Grants or contributions
- S106 planning obligation funding
- New Homes Bonus Reserve
- Community Infrastructure Levy
- Capital Receipts
- Other Contributions (including contributions from revenue)
- Borrowings

1.8.3 In order to provide assurance that the most cost effective method of financing is achieved the following process is to be followed by officers:

- Accurately profiled projects enable better financial planning. Poorly profiled projects can result in unnecessary borrowing and therefore revenue costs to the Council.
- Centrally coordinated funding process, financing schemes monthly using the method described above. A centralised approach to financing will ensure that projects benefit from a holistic and strategic overview of funding options rather than a narrow, departmental focus. Financing on a monthly basis allows dynamic changes in strategy where schemes are delayed or accelerated.
- Regular reporting of financing decisions. A quarterly capital report is produced for SCB showing funding by scheme together with the funding balances of all available financing options to enable appropriate challenge across strategic commissioners of capital decisions and forecasting.

- Budgeted financing information will be provided in the capital programme at budget setting time. Subsequent changes to this will be reported to members periodically together with an outturn position for each financial year. This will demonstrate how optimal funding decisions have been made in response to changes in expected income and expenditure profiles

1.8.4 The total value of the Council's capital programme is at an all time high, with large regeneration projects reaching delivery stages. As such the amount of borrowing the authority is undertaking is scheduled to rise significantly. Sensitivity to interest rates therefore becomes increasingly important in financial planning.

1.8.5 The Public Works Loan Board (PWLB) is a statutory body operating within the United Kingdom Debt Management Office whose function is to lend money to local authorities. Indeed the PWLB is the usual route for local authority borrowing. The unprecedented period of low interest rates has caused financial institutions to become more and more competitive in the rates on offer with some opportunities available to achieve interest rates lower than the PWLB certainty rate.

1.8.6 Given the Council's increasing debt portfolio, the benefits of achieving rates below the PWLB benchmark can be significant. As such it is recommended that the Section 151 officer is authorised to investigate borrowing options which would achieve a more favourable cost of borrowing than with the PWLB.

2. REASONS FOR RECOMMENDATIONS

2.1 The Council's Capital Programme is the method of providing the Council with the operational and strategic assets to deliver the essential services upon which our residents and businesses rely. The value of investment within the Borough is at an all time high therefore it is essential that regular decisions are made on the allocation of resources. The recommendations within this paper allow the capital programme to be managed and enables officers to deliver to the plan.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 None

4. POST DECISION IMPLEMENTATION

4.1 Following approval of these recommendations, the budget changes will be processed in the financial accounting system.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The capital programme is essentially the financial representation of the plan to build, create, procure or leverage the Council's assets in support of the Council's corporate priorities. The priorities are expressed through the Corporate Plan for 2015-20 which sets out 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 financial implications of the recommendations are discussed within Section 1 of this report.

5.2.2 The council's financial regulations require that capital programme changes must be approved by Policy and Resources Committee.

5.3 Social Value

5.3.1 None applicable to this report, however the council has to take into account the requirements of the Public Services (Social Value) Act 2012 to try to maximise the social and local economic value it derives from its procurement spend. The Barnet living wage is an example of where the council has considered its social value powers. These requirements will be discharged through the procurement decisions taken in delivering the Capital Programme.

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 Council Constitution Responsibilities for Functions Annex A sets out the terms of reference 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.

5.4.3 The council's financial regulations state that amendments to the capital budget can only be made with approval as per the scheme of virement table below:

Capital Virements

Policy & Resources Committee approval is required for all capital budget and funding virements and yearly profile changes (slippage or accelerated spend) between approved capital programmes i.e. as per the budget book. The report must show the proposed:

- | |
|--|
| <ul style="list-style-type: none">i) Budget transfers between projects and by year;ii) Funding transfers between projects and by year; andiii) A summary based on a template approved by the Section 151 Officer |
|--|

Policy and Resources Committee approval is required for all capital additions to the capital programme. Capital additions should also be included in the quarterly budget monitoring report to Performance and Contracts Committee for noting.
--

Funding substitutions at year end in order to maximise funding are the responsibility of the Section 151 Officer.

6. RISK MANAGEMENT

6.1.1 Major capital projects require careful management to mitigate the potential risks which can arise. The effective monitoring, management and mitigation of these risks is a key part of managing the capital strategy.

6.1.2 The types of risk that can occur which may affect the Capital Programme can be grouped into General Risks, Project Management Risks and the Risk of Revenue Write Offs.

6.1.3 General Risks

- Interest rate risk – the risk that interest rates rise and subsequently increase the cost of borrowing to the Council to service the debt associated with Capital investment.
- Inflation risk – the risk that the cost of works and materials may be greater than planned as a result of increasing inflation of costs
- Change in law risk – the risk that changes in legislation places additional burdens on the council's plan
- Market Health/Commercial Values – the risk that external commercial factors affect the Council's planned capital delivery

6.1.4 Project Management Risks

6.1.5 Project risks are those which relate to the delivery of capital projects which in many cases can be controlled, influenced or directly mitigated in ways other than making contingencies available. These risks would mostly be related to unforeseen project delays and cost increases which could arise from a range of circumstances. The effective management of these risks is achieved through the assessment and delivery of:

- Supplier Financial Stability
- Effective Business Case Development
- Risk Management
- Highlight Reporting
- Appointment of professional team

6.1.6 Risk of Revenue Write off

6.1.7 The Council commits to feasibility studies on many of its significant capital schemes at the point where spend is revenue in nature or when capital spend may be written off should the scheme in question not progress. This is a risk which managed through wherever possible making sure feasibility expenditure is not written off.

6.1.8 Contingencies in the Capital Programme

6.1.9 In the initial stages of development, major capital projects will have significant uncertainties. For example, these may relate to the planning process, the views / interest of stakeholders who must be consulted, ground conditions or the costs of rectifying or demolishing existing buildings (e.g. the cost of asbestos removal).

6.1.10 For this reason the Council allows contingency allocations within the Capital Programme. In the initial stages of a project these contingencies are necessarily broad estimates due to the number of unknown factors. As projects progress the unknown factors become clearer and project managers focus on managing these in the most effective way possible, utilising

contingencies to do so as needed.

6.1.11 Housing Revenue Account – Risk Mitigation Strategy

6.1.12 As the HRA is legally not allowed to run a deficit this means that if there is an overspend on the capital programme or elsewhere, or if capital receipts are reduced or delayed, that the options available to contain these pressures will necessitate either reducing, re-profiling or stopping spend on the capital programme, realising funds through the disposal of HRA assets, or applying more funding from the Affordable Housing Fund.

6.1.13 The funding of the increase in the expected capital programme over the next few years is largely dependent upon the timing and value of asset disposals that underpin the regeneration programme. The potential impact of risk factors requires a strong risk mitigation strategy that can be quickly adopted if any of adverse risks materialise.

6.1.14 The range of management options available within the HRA to mitigate additional risks are as follows:-

- re-profile, extend or delay expenditure –re-profiling this could improve the risk profile of the programme and limit the risk of overspends
- dispose of HRA assets
- increase HRA rents from year 4 assuming statutorily possible

6.1.15 Brexit

6.1.16 In the aftermath of result of the UK's referendum to leave the European Union on 23 June 2016 there was an immediate period of volatility caused by uncertainty in the property market. This has since stabilised but the impact on the capital strategy particularly in respect of construction costs and property values will continue to be monitored on an on-going basis.

7. EQUALITIES AND DIVERSITY

7.1.1 The Equality Act 2010 requires organisations exercising public functions to demonstrate that due regard has been paid to equalities in:

- Elimination of unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
- Advancement of equality of opportunity between people from different groups.
- Fostering of good relations between people from different groups.

7.1.2 The Equality Act 2010 identifies the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership, pregnancy and maternity; race; religion or belief; sex and sexual orientation.

7.1.3 In order to assist in meeting the duty the council will:

- Try to understand the diversity of our customers to improve our services.

- Consider the impact of our decisions on different groups to ensure they are fair.
- Mainstream equalities into business and financial planning and integrating equalities into everything we do.
- Learn more about Barnet's diverse communities by engaging with them.

7.1.4 This is also what we expect of our partners.

7.1.5 This is set out in the council's Equalities Policy together with our strategic Equalities Objective - as set out in the Corporate Plan - that citizens will be treated equally with understanding and respect; have equal opportunities and receive quality services provided to best value principles.

7.1.6 Progress against the performance measures we use is published on our website at:
www.barnet.gov.uk/info/200041/equality_and_diversity/224/equality_and_diversity

8. CONSULTATION AND ENGAGEMENT

8.1 A range of resident insight, consultation and engagement is used to inform and develop the council's budget proposals.

8.2 In terms of service specific consultations the Council has a duty to consult on proposals to vary, reduce or withdraw services in the following 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.

8.3 Within the capital programme there are schemes which require the Council to exercise its duty to consult. An example of this would be the Brent Cross development scheme which will have a significant impact on the area and the Borough as a whole.

9. INSIGHT

9.1 Insight is used in the production of individual business cases prior to their formal inclusion in the Council's capital programme.

10. BACKGROUND PAPERS

10.1 Policy and Resources Committee 16 December 2015, agenda item 12 The relocation and redevelopment of Church Farm Leisure Centre and the redevelopment of Barnet Copthall Leisure Centre

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8349>

- 10.2 Policy and Resources Committee 23 February 2017, agenda item 10
Business Planning 2017 - 2020.

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8733&Ver=4>

- 10.3 Full Council, 7 March 2017, agenda item 11 Report of Policy & Resources
Committee - Business Planning 2017 – 2020

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8819&Ver=4>

- 10.4 Policy and Resources Committee 16 May 2017, agenda item 7 Out of
Borough Acquisitions

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8735&Ver=4>

- 10.5 Policy and Resources Committee 27 June 2017, agenda item 8 Business
Planning 2017 - 2020.

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8736&Ver=4>

- 10.6 Policy and Resources Committee 1 December 2016, agenda item 7 Diving
Feasibility Study (Barnet Copthall Leisure Centre)

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8731>

- 10.7 Policy and Resources Committee 1 December 2016, agenda item 9 Business
Planning - Medium Term Financial Strategy 2017/20 and draft budget for
2017/18 pdf icon

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8731>

- 10.8 Full Council, 13 December 2016, agenda item 10 Referral from Policy and
Resources Committee - Diving Feasibility Study (Barnet Copthall Leisure
Centre)

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8817>