

	<h2>Policy & Resources Committee</h2> <h3>5 December 2017</h3>
<p style="text-align: right;">Title</p>	<p>Business Planning – Medium Term Financial Strategy 2018/20 and draft budget for 2018/19</p>
<p style="text-align: right;">Report of</p>	<p>Councillor Richard Cornelius</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>Yes</p>
<p style="text-align: right;">Key</p>	<p>Yes</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix A – Medium Term Financial Strategy (MTFS) 2018 – 2020 Appendix B – Savings proposals by Theme Committee Appendix C – Capital Programme Changes Appendix D – Capital Financing Changes Appendix E - Revised Bad Debt Policy</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Paul Clarke – Head of Finance, Commissioning Group 020 8359 2800 paul.clarke@barnet.gov.uk Hannah Chillingworth – Strategy Officer 020 8359 3598 Hannah.chillingworth@barnet.gov.uk</p>

Summary

On 22 November 2017, the Chancellor of the Exchequer set out the Autumn Budget 2017. The Autumn Budget is based on the latest forecasts from the Office for Budget Responsibility (OBR) for the economy and public finances. In light of the Autumn Budget, the Medium Term Financial Strategy (MTFS) has been reviewed to ensure the budget is accurate and sustainable.

This paper sets out the council’s MTFS, savings plans and capital programme. It is based on a financial forecast for 2018 to 2020 which helps ensure resources are aligned to the outcomes in the council’s Corporate Plan.

The MTFS and the financial forecasts contained therein are based on the most up to date planning assumptions. It should be noted that the Local Government Finance Settlement is due to be received within the next month. It is possible that the settlement could differ from the assumptions made. The implications of the differences, if any, will be brought back to Policy and Resources in February 2018 for consideration.

The MTFS sets out that £17.7m of the budget gap is due to be met from reserves, there are savings proposals to mitigate £28.5m, leaving a remaining gap of £6.7m. The paper sets out the following options (which are not mutually exclusive) to meet this gap:

- Increasing General Council Tax for 2018/19 by 1.99%;
- Reducing and / or deleting uncommitted elements of the capital programme in order to reduce the revenue impact on capital financing and maximising the use of New Homes Bonus, which many authorities have aligned to their base budget;
- Allocation of further savings targets to Theme Committees in 2019/20.

This report seeks approval from Policy and Resources Committee on the following:

- a) Consulting residents on options for Social Care Precept, Council Tax, closing the budget gap and saving proposals;
- b) Referral to full council for participation in the London Business Rate Pool;
- c) Changes to the capital programme up to 2020; and
- d) Movements to the revenue budgets in 2017/18.

Officers Recommendations

- 1. Notes the updated Medium Term Financial Strategy (MTFS) to 2020 as set out at appendix A and the assumptions underpinning this in section 1.5;**
- 2. Agrees, subject to consultation and consideration of an equalities impact assessment, to apply a 3% Social Care Precept, to help fund care for the elderly as set out in section 1.5.11 in 2018/19;**
- 3. Agrees to consult on the use of the Council's flexibility to change the level of General Council Tax in 2018/19;**
- 4. Agrees to consult on deleting and / or reducing schemes from the 2018/19 Capital Programme as set out in section 1.7;**
- 5. Agrees that the savings proposals as set out in appendix B, subject to consultation and equalities impact assessment, come back to Policy and Resources Committee in February 2018 and Full Council for final approval of the 2018/19 budget in March 2018;**
- 6. Agrees the changes to the existing Capital Programme as set out in section 1.9 and appendix C and D;**
- 7. Delegates in year capital financing substitution decisions to the Section 151 officer as set out in paragraph 1.9.11;**
- 8. Recommends to Full Council joining the London wide Business Rates Pool as set out in paragraphs 1.3.1 to 1.3.9**

- 9. Recommends that Council delegates responsibility to the Deputy Chief Executive in consultation with the Chairman of Policy and Resources Committee to agree the final deal as presented by London Councils in the form of the Memorandum of Understanding as set out in paragraph 1.3.7;**
- 10. Agrees to delegate decisions to be taken in relation to the London wide Business Rates Pool's Strategic Investment Pot to the Deputy Chief Executive in consultation with the Chairman of Policy and Resources Committee, as set out in paragraph 1.2.7;**
- 11. Agrees the process for consultation as set out in section 5.7;**
- 12. Agrees the movements in budget in 2017/18 as set out in section 1.11; and**
- 13. Agrees the revised bad debt policy and bad debt write offs as set out in section 1.14 and appendix E.**

1. WHY THIS REPORT IS NEEDED

1.1 Executive Summary

- 1.1.1 On 22 November 2017, the Chancellor of the Exchequer set out the Autumn Budget 2017. This Budget is the first held in Autumn since the Chancellor's announcement that it would be brought forward from the Spring. The Budget and related announcements are based on the latest forecasts from the Office for Budget Responsibility (OBR) for the economy and public finances. A Spring Statement will be introduced in 2018; however this is intended to be an economic statement.
- 1.1.2 In March 2017, the Council set a Medium Term Financial Strategy (MTFS) covering the period 2017 – 2020. The MTFS for this period identified a total budget gap of £53.9m with savings identified to meet this gap. £19.8m was due to be delivered in 2017/18 leaving a budget gap of £34.1m from 2018-20.
- 1.1.3 The assumptions underpinning the MTFS have been reviewed and the Council's budget gap has increased by a further £6.7m, mainly as a result of ongoing pressures in Adults Social Care and Family Services; and increases in pay and non-inflation.
- 1.1.4 This report sets out the savings proposals agreed by Theme Committees; in line with commissioning priorities.
- 1.1.5 The final budget for 2018/19, following consultation, will be presented to Policy and Resources Committee for consideration in February 2018 and Full Council for agreement in March 2018.

1.2 Strategic Context

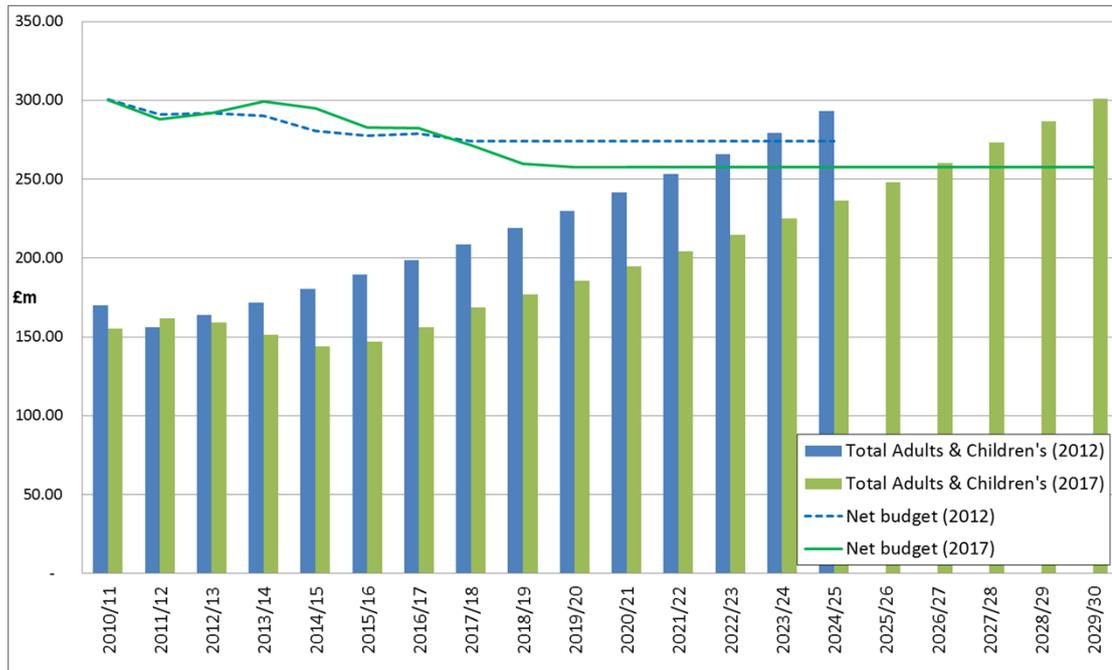
- 1.2.1 Reduced funding from central government coupled with an increase in demographic pressures has meant that the past seven years have been a period of significant challenge for local government. Barnet has always sought to be ahead of the curve in terms of financial planning and by adopting a long term view of future challenges the council has managed to save over £144m between 2010 and 2017 whilst maintaining high levels of resident satisfaction – 82% of residents were satisfied with their local area as a place to live according to the Spring 2017 Residents' Perception Survey.
- 1.2.2 With demand on local services set to increase and local authorities having to generate more and more of their income locally, the next few years will present further financial challenges, with a £40.7m budget gap to close by 2020. Beyond 2020, we will need to continue to look ahead and consider how to deliver services differently as pressures on our budget continues.

Barnet's approach to the financial challenge

- 1.2.3 Barnet has a long tradition of robust financial planning, assisting the organisation in navigating a challenging period of austerity and change. In 2012 the Council published the 'Graph of Doom'. This demonstrated that over five to seven years the Council would get to the point where the funding levels would restrict the ability to do much other than fund Adults and Children's

services. The hypothesis was that over a 20-year period, unless there was a really radical corrective action, funding adult social care and children's services would take up the totality of the forecast budget.

Figure 1 - Graph of Doom, then and now



1.2.4 The graph above shows the original Graph of Doom compared to what actually happened until financial year 2016/17; from 2017/18 it uses current projections.

1.2.5 The original expectation was that the costs of Adults and Children's services (shown in blue bars) would exceed the total Council budget (dotted blue line) by 2023/24. Updating the projections shows that the pace of the budget reduction has been greater than anticipated, however savings from better procurement and earlier intervention in Adults and Children's services has helped contain the costs. The graph shows that while the point at which funding Adults and Children's services takes over the forecast total budget hasn't been eradicated it has been delayed until 2026/27.

1.2.6 Barnet has been innovative in its approach to tackling the challenges local government faces. It has been open to new ways of doing things and working closely with partners across the public, private and voluntary sector. It is important that this continues to ensure that Barnet is well placed to meet future challenges and opportunities and continue to be a successful borough.

1.2.7 Our job is to work together for residents and businesses to ensure:

- Successful places
- Great Outcomes
- Quality Services
- Resilient Communities.

The scale of the ongoing financial challenge means that the way we deliver our services will need to change and there will be some difficult choices to ensure that savings are achieved whilst protecting services for our most vulnerable residents as far as possible,.

- 1.2.8 However, this challenge is also an opportunity for us to build on the progress we've made in areas such as supporting people into employment. That means making careful choices about what we invest in, where and how we make savings and generating revenue through Council Tax and other sources to pay for services. Through using the proceeds of growth to invest in our borough's critical infrastructure we are ensuring the sustainability of the council by laying the groundwork for generating future income locally. For example, through our capital investment programme we are investing money into ensuring transport, schools, and medical services are in place as people move in to our regeneration sites.
- 1.2.9 We want to meet our budget gap whilst still delivering the commitments set out in our [Corporate Plan to 2020](#). We will do this by focusing on key priorities within our main portfolio areas.

Adults and Safeguarding

- 1.2.10 **Implementing strength-based practice in Adult Social Care** so that Adult social care focus on people's strengths and what matters to them; and how they can use their strengths and support networks to stay independent Social workers, occupational therapists and assessment and enablement officers now work more flexibly with potential service users helping them to create their own care and support plans. To support this, two 'Care Spaces' in Colindale and East Finchley have been opened. These are places where people can come for information, advice, a conversation or an assessment to help them become more independent and resilient. Our pioneering mental health enablement service, The Network, has been expanded, so that more people with mental health needs are enabled to recover. We are working to ensure our social care providers also promote independence and take a strengths based approach: for example, Your Choice Barnet now offers employment support as a core part of its services.
- 1.2.11 **Integrating local health and social care.** Barnet is working with NHS organisations on the North Central London Sustainability and Transformation Plan (STP). Led by the Barnet Health and Wellbeing Board, NHS Barnet CCG and the council, we are implementing a Care Closer to Home model for Barnet residents, building on the success of the Better Care Fund and expanding integrated teams linked to primary care. We have enhanced our integrated community dementia services by developing a Dementia Hub to provide a range of activities for people with dementia, which works with the council-funded dementia advisors and Barnet's network of dementia cafes. We are improving the quality of life for people with learning disabilities and/or autism as part of the North Central London Transforming Care Programme.

1.2.12 We are implementing the Fit and Active Barnet plan to increase wellbeing through physical activity. During 2018-20 we will be building new leisure centres at Barnet Copthall and New Barnet. 2018 is the first year of operation of the council's new leisure services contract, which brings additional benefits for residents whilst achieving a better financial position for the council.

Asset, Regeneration and Growth

1.2.13 **Regenerating Brent Cross Cricklewood** by securing the Compulsory Purchase Order for Brent Cross and designing the new shopping centre.

1.2.14 **Regenerating Colindale** by delivering 10,000 new homes and infrastructure to support them. Milestones include Planning permission for the Youth Zone and the re-landscaping of Montrose and Silk Stream Parks, and revised planning permission for Grahame Park and the new Community Hub. In 2018 we will also be moving to our new main office located in the heart of the Colindale regeneration area, which will support growth in this area and provide a boost to the local economy.

1.2.15 **Helping people into work** by working with partners through the Care Leavers Hub, BOOST, and the Skills Escalator. We will also maximise use of the apprenticeship levy to ensure many more apprenticeship opportunities are available to local people.

1.2.16 **Improving planning and enforcement** by focusing on increasing satisfaction with our planning services. We have worked with planning enforcement over the last year to improve staff resources, data quality and performance reporting, communications to Members and the public, and the handling of prosecutions and will continue to embed these improvements to ensure that planning regulations are rigorously enforced across Barnet.

Children, Education, Libraries and Safeguarding

1.2.17 **Delivering the Family Friendly Barnet vision** by putting children and families at the heart of everything we do, building resilient families and children and working towards outstanding children's social care. Effective leadership and partnership is vital to delivering good and outstanding services that keep children and young people safe and give them the right help, at the right time in their lives.

1.2.18 **Tackling gang activity** to prevent offending and working with young people presenting with high risk and vulnerability, including those who are gang-involved or on the periphery of gangs through REACH, our multi-agency team that leads in the delivery of support to high risk and vulnerable adolescents. We will extend learning from REACH so that practitioners across the children's workforce are able to benefit.

1.2.19 Following our Ofsted inspection we have been working with the Department for Education to develop a robust Improvement Action Plan, which has now been signed off. Improving outcomes for vulnerable children is a priority

across the council and our partners, not just within Family Services, and we will be working collectively to drive the improvements that we want. Effective leadership and partnership is vital to delivering good and outstanding services that keep children and young people safe and give them the right help, at the right time in their lives. Children in Barnet deserve the best possible services from us and we are committed to doing whatever we can to deliver great outcomes for children and young people across the borough and ensure that they have the best start in life.

Community Leadership

- 1.2.20 **Supporting those with multiple and complex needs** by tackling issues around domestic violence, mental health, and substance misuse via the Multi-Agency Safeguarding Hub (MASH). We will focus on the cohort of cases that is driving demand in the MASH and social care with the aim of helping those who need it through multi-agency analysis.

Environment.

- 1.2.21 **Modernising our environmental services** by investing in new machinery, improving the quality of sweeping, and ensuring that staff are equipped with the right tools for the job. Our commercial waste collection servicers are being designed to maximise commercial waste recycling whilst minimising local environment impact.
- 1.2.22 **Delivering highways improvements**, placing more emphasis on localized schemes from repairing footways that are currently below intervention level to re-profiling street corners to allow for large vehicle movements. The quality of roads and pavements remains a top concern for residents so we have taken a proactive approach to make the most of the agreed investment in this area, for example through the successful delivery of the Network Recovery Plan. We will continue to work to ensure that the most serious potholes and pavement defects are addressed quickly and to improve the business as usual service and Member satisfaction. We are also investing in new machinery to improve the speed and quality of pothole repairs. Our enforcement approach is being shaped on the 'polluters pay' principle and we will be clearing up rear access ways and clamping down on fly tipping and littering.

Housing

- 1.2.23 **Delivering the Development Pipeline** by working with Barnet Homes and Re to build new affordable and private houses on Council land. Milestones include Tranche 3 of 320 new homes for affordable rent and new extra care housing at Moreton Close.
- 1.2.24 **Resident safety** is of paramount concern. Following the Grenfell Tower tragedy, £10m was initially allocated within the Capital Programme to enable fire safety works to begin. A further £7.5m is recommended as a further addition within this report. The total of £17.5m is funded through the HRA.

Policy & Resources

- 1.2.25 **Universal Credit** was introduced in 2013 and replaced six means-tested benefits and tax credits: income based Jobseeker's Allowance, Housing Benefit, Working Tax Credit, Child Tax Credit, income based Employment and Support Allowance and Income Support. Implementation so far has been limited to new single claimants. Further roll out in L B Barnet to all new claimants of Universal Credit Full Service is now expected to be implemented from May 2018.
- 1.2.26 Comments were raised nationally about the risk of an increase in homelessness associated with rent arrears. In the Autumn Budget a £1.5bn package was announced to "address concerns" about the delivery of universal credit. The seven day waiting period for Universal Credit will be removed and new claimants already receiving Housing Benefit will continue to receive this help with rent payments for two weeks. Additionally those residents in Temporary Accommodation will continue to be entitled to Housing Benefit, paid by local authorities.
- 1.2.27 We are also working to implement **The Way We Work programme** by developing a flexible and empowered workforce which meets the needs of our customers. To improve our customer services we are moving to a digital by default approach which aims to move 80% of contact with the council online by 2020, whilst retaining support for those who need it. We are further developing the My Account platform to support this.

1.3 Autumn Budget 2017

London Business Rates Pooling

- 1.3.1 The Government has indicated support for developing a 100% business rate retention pilot pool in London for 2018/19, subject to London establishing robust governance arrangements for dedicating a significant share of the additional resources to promoting future economic growth. London Councils are seeking an agreement with Government that would cover the following areas:
- 1.3.2 **Pool principles:** the pool would be voluntary, but include all London authorities; London would retain a greater share of business rates in exchange for Revenue Support Grant; a "no detriment guarantee" would ensure that the pool could not be worse off than the participating authorities would have been collectively if they had not entered the pilot pool; no "new burdens" would be transferred to London and participation in the pilot would not affect the development or implementation of the Fair Funding review (currently anticipated in 2020/21).
- 1.3.3 **Distribution:** All authorities would receive at least as much from the pool as they would have under the existing 50% retention scheme. Any additional net benefits of the pool – currently estimated to be approximately £240 million in 2018/19 – would be distributed on the following basis:

- 15% to reward growth
- 35% to reflect population
- 35% to reflect Settlement Funding Assessment
- 15% set aside for a “Strategic Investment Pot” (see below)

The resources not top-sliced for the investment pot would be shared between the GLA and the boroughs in the ratio 36:64.

1.3.4 **Governance of the strategic investment pot:** The pot would be dedicated to projects that contribute to the sustainable growth of London’s economy, and which attract match funding from other private or public sources. Decisions regarding SIP projects will be made on the basis of three consultation tests:

- (i) the GLA and the London Boroughs agree;
- (ii) London Boroughs' agreement will require two thirds support; and
- (iii) support is subject to a sub-regional veto whereby, if all the London Boroughs in a sub-region were to oppose a proposal then it could not be agreed

1.3.5 The SIP projects will have been assessed by the Lead Authority against pre-agreed transparent and objective criteria.

1.3.6 **Evaluation:** Government has indicated that it would undertake a qualitative evaluation the progress of any pilot agreed, based on the current research programme for the existing business rate retention pilots, with additional focus on the governance and scale of resources dedicated to strategic investment.

Next steps

1.3.7 If a final agreement is achieved, the Government would prepare a “designation order” establishing a London pilot pool and would reflect this in the Provisional Local Government Finance Settlement in December. If this happens, each authority will need to take the relevant decisions, through their own constitutional decision-making arrangements:

- To enter the pool (including accepting the Designation by the Secretary of State as an authority within the Pilot Pool and delegating authority over its administration to the lead authority which, following consideration by the elected officers of London Councils, would be the City of London Corporation for the duration of the pilot);
- To agree a Memorandum of Understanding between London authorities for the operation of the pilot pool; and
- Where appropriate, to delegate authority to a lead officer or committee to take decisions in relation to the Strategic Investment Pot.

1.3.8 The deadline for all 34 authorities to have done this is anticipated to be mid-January, no later than 28 days after the provisional Local Government Finance Settlement (expected to be mid-December).

- 1.3.9 The preferred option for the pooling agreement will be a Memorandum of Understanding, which will include the details regarding the establishment and operation of the pool, and will set out the governance principles and mechanism for the ongoing decisions about the pooled Strategic Investment Pot (SIP). This is currently being drafted and is anticipated to be circulated shortly.

UK economy to 2020

- 1.3.10 The UK economy has shown resilience, with solid growth over the past year and further increases in the number of people with a job. Gross domestic product (GDP) grew 1.5% in the year to the third quarter of 2017, employment remains near record high and unemployment is at its lowest rate since 1975.
- 1.3.11 The Office for Budget Responsibility (OBR) now expects to see slower GDP growth over the forecast period, mainly reflecting a change in its forecast for productivity growth. It has revised down its forecast for GDP growth by 0.5 percentage points to 1.5% in 2017, then growth slows in 2018 and 2019, before rising to 1.6% in 2022.
- 1.3.12 Household spending continues to grow, having slowed since 2016 due to higher inflation caused by the depreciation of sterling. Business investment has grown moderately over the past year and net trade has started to make a positive contribution to GDP growth. Surveys of export orders in 2017 have been strong, with some reaching their highest level since 2011.

Public spending to 2020

- 1.3.13 Significant progress has been made since 2010 in restoring the public finances to health. The deficit has been reduced by three quarters from a post-war high of 9.9% of GDP in 2009/10 to 2.3% in 2016/17, its lowest level since before the financial crisis.
- 1.3.14 Compared to the Spring Budget 2017 forecast, borrowing is significantly lower in the near term. However, over the medium term the impact of a weaker economic outlook and the measures taken at the Budget see borrowing higher than previously forecast. The OBR expects the government will meet its 2% structural deficit rule for in 2018 19, and with £14.8 billion of headroom in the target year, 2020/21. Debt is forecast to peak at 86.5% of GDP in 2017-18, and is forecast to fall in every year thereafter to 79.1% of GDP in 2022-23.

1.4 Service specific national, regional and local context

Children's Social Care

Improvement Plan

- 1.4.1 Children's services in Barnet were judged by Ofsted to be inadequate when Ofsted undertook a Single Inspection Framework (SIF) during April and May 2017. The Council fully accepted the findings of the report and has developed a Barnet Children's Services Improvement Action Plan in

response to these failings, and the recommendations and areas for improvement. The Council is working collectively with the partnership to drive these improvements under the direction of our Improvement Partner.

- 1.4.2 The action plan set out the improvement journey and gives focus to transform services, especially social care, from inadequate to good rapidly. The action plan is in line with the three core strategic objectives that cut across all our plans for children, young people and families and underpin the systemic and cultural change needed to drive improvement within the borough:
- Empowering and equipping our workforce to understand the importance and meaning of purposeful social work assessments and interventions with families
 - Ensuring our involvement with the most vulnerable children in the borough positively impacts on their outcomes
 - Providing Practice Leadership and management throughout the system to ensure progress is made for children within timescales that are appropriate and proportionate to their needs and that practitioners are well supported, child curious and focused.

- 1.4.3 The action plan has two elements of improvement planning which are complementary. The first being the turnaround priority that has a forensic focus on social work practice driving our capacity and capability to transform at pace and the second being a series of improvement themes:

Turnaround priority: to drive sustainable Practice Improvement at pace

Improvement themes.

- Governance Leadership, and Partnership
- Embedding Practice Leadership
- Rights Interventions, right time (Thresholds)
- Improving Assessment for children
- Improving Planning for children
- Effective Communications and Engagement to drive culture change that will improve children's lives.

Children and Social Work Bill

- 1.4.4 The Children and Social Work Bill received Royal Assent on 27 April 2017 and is now known as the Children and Social Work Act 2017 (CSWA 2017). The only provisions that are currently in force are section 65 (the power to make transitional provision) and Schedule 1 which sets out the provisions for placing children in accommodation elsewhere in Great Britain; those provisions came into force on 28 April 2017. It is not clear when the other provisions will come into force.
- 1.4.5 The Children and Social Work Act 2017 aims to:
- Improve support for looked after children in England and Wales especially for those leaving care;

- Enable better learning about effective approaches to child protection and care in England
- Establish a new regulatory regime for the social work profession in England

1.4.6 The Children and Social Work Act 2017 is intended to improve support for looked after children and care leavers, promote the welfare and safeguarding of children, and make provisions about the regulation of social workers. The Act sets out corporate parenting principles for the council as a whole to be the best parent it can be to children in its care. These are largely a collation of existing duties local authorities have towards looked after children and those leaving care. Local authorities will be required to publish their support offer to care leavers and to promote the educational attainment of children who have been adopted or placed in other long-term arrangements. The legislation extends the current considerations of the court when making decisions about the long-term placement of children to include an assessment of current and future needs and of any relationship with the prospective adopter. The Act makes changes to the arrangements for local child safeguarding partnerships and the serious case review process, including provision for a central Child Safeguarding Practice Review Panel for cases of national importance. It also establishes a new regulatory regime for the social work profession.

1.4.7 There is work happening internally to analyse some of the implications of this change in legislation which will include financial modelling.

Unaccompanied Asylum Seeking Children

1.4.8 The council met its commitment to resettle 50 Syrian refugees through the government's Vulnerable Persons Relocation Scheme in May 2017.

1.4.9 The Council continues to experience significant cost pressures on its Looked After Children's budget as a result of Unaccompanied Asylum Seeking Children.

Adult Social Care

1.4.10 It is estimated that the budget gap for the social care in the UK to 2020 is £5.8 billion. For local government, the most significant announcement in the Spring 2017 budget was the additional money for adult social care - £2 billion over the next two years, £1 billion of which was made available in 2017-18. This money is in addition to the £2.4 billion announced as part of an improved Better Care Fund in the 2015 Spending Review.

1.4.11 This additional funding for adult social was given to councils in a direct grant from the DCLG, although included within the Better Care Fund. The additional funding is referred to as the Improved Better Care Fund (IBCF). Three conditions were set by DCLG for the use of the grant by councils: meeting social care needs; stabilising the social care provider market; and relieving pressures on the NHS. However after this, targets were set by NHS England in July 2017 for councils to meet by September 2017. These targets equated to a greater than 50% reduction in days delayed in hospital for patients with eligible social care needs ('delayed transfers of care' or DTOCs). Whilst

DTOC reduction targets were also set for the NHS, the targets set for local government were significantly more challenging: for example, Barnet CCG was set a target of 5.5 delayed days per day whilst Barnet Council was set a target of 2.5 delayed days per day.

1.4.12 Subsequent national policy announcements stated that Councils which did not improve performance DTOC significantly would have their iBCF allocation reviewed. The current position is that funding will not be removed in 17/18 but could be reviewed in future years.

1.4.13 On the basis of the national performance data for September, Barnet overall is meeting its target and has shown strong improvement. Barnet Council has also identified that DTOC performance data submitted by NHS organisations has been inaccurate (showing worse performance than actual) in respect of Barnet Council performance and this is now being rectified on national systems. However it should be noted that the risk of review and possible removal of iBCF funding will continue to be a risk for all councils in England during 2018-20. The mitigation for this risk is to work closely with NHS organisations to maintain and improve DTOC performance.

1.4.14 Alongside the social care funding, the Government also announced £325 million to be invested in sustainability and transformation plans (STPs). However in practice this is being used to cover existing NHS deficits. Barnet is part of the North Central London STP footprint, alongside Camden, Enfield, Haringey and Islington. NHS organisations in north London are currently in a deficit position and whilst there are savings plans being implemented, the financial picture for the local NHS remains challenging over 2018-20. The November budget announced additional funding for the NHS of £2.8bn to 2020. It is not known yet how this will impact on local NHS organisations.

Housing

1.4.15 The Autumn Budget 2017 included a number of measures aimed at increasing housing supply including :

- The lifting of Housing Revenue Account caps in high demand areas to get councils building. Local authorities will be invited to bid for increases in their caps from 2019-20, up to a total of £1 billion by the end of 2021-22.
- Confirmation of the extra £2bn for the affordable Homes programme announced by the Prime Minister in October.
- Additional funding for SME builders (£1.5bn) and funding to unlock small sites (£630m).
- £400m loan funding for estate regeneration, £2.7bn to more than double the Housing Infrastructure Fund, and £1.1bn for a new Land Assembly Fund to help unlock strategic sites.

- The Government will explore options with industry to create £8bn of new financial guarantees for house builders and purpose built PRS and provide £34m to develop construction skills by scaling up existing training models.
- Support for homeownership, including the abolition of stamp duty on the first £300k of properties up to £500k in London, an additional £10bn for the Help to Buy Scheme and a £200 million largescale regional pilot of the Right to Buy for housing association tenants in the Midlands.
- The Government will legislate to allow local authorities to charge a 100% council tax premium on empty properties. To provide context, this change could generate an additional £216k of income for the Council.

1.4.16 The Autumn statement also included measures relating to Benefits and Homelessness:

- The seven day waiting period for Universal Credit will be removed and new claimants already receiving Housing Benefit will continue to receive this help with rent payments for two weeks.
- The Targeted Affordability Fund will be increased by £125m over the next 2 years to provide additional support for Local Housing Allowance claims in areas of high housing demand.
- £20m of funding will provided for schemes to support people at risk of homelessness to access and sustain private tenancies.
- The Government will launch a new taskforce to advise on its target to halve rough sleeping by 2022 and eradicate it by 2027.
- £28m for three new housing first pilots in Manchester, West Midlands and Liverpool, to provide housing and support for vulnerable homeless people

Homelessness Reduction Act

1.4.17 The Homelessness Reduction Act 2017 has received royal ascent and is expected to come into power at some point during 2018. The Act introduces new burdens to the Council, towards which DCLG are providing £990k new burdens funding over 3 years. The main provisions are as follows:

- Extension of the period we should treat someone as threatened with homelessness from 28 to 56 days.
- Prevent homelessness for all eligible (includes singles) applicants threatened with homelessness
- Relieve homelessness for all eligible homeless applicants

North London Waste Authority (NLWA)

1.4.18 In 2017/18 £10.466 million is projected to be spent on waste treatment and disposal in 2017/18 through the NLWA levy. The existing energy from waste facility at Edmonton Ecopark has been operating for over 40 years and the

current payments for disposing our waste are low compared to other areas of London.

1.4.19 The Secretary of State for Business, Energy and Industrial Strategy granted a Development Consent Order for NLWA to build a replacement energy recovery facility and associated development at the Edmonton EcoPark in February 2017. This is known as the North London Heat and Power Project (NLHPP). The levy costs are projected to increase significantly in future years as the existing facility comes to the end of its life when the NLHPP is built. The delivery and funding method for the NLHPP will be agreed by the NLWA.

1.5 Medium Term Financial Strategy

1.5.1 The MTFS to 2020, set out at appendix A, takes into account national economic factors such as forecasts of Government spending and inflation, along with local factors which will have an impact on the council's budget such as population change, housing development and regeneration as well as other demand pressures on services.

1.5.2 Given the uncertainty with local government funding beyond 2020 due to the changes in Revenue Support Grant and Business Rates, the current MTFS has not been extended beyond this period. The council is conducting a 'Priorities and Spending Review' (PSR) to fully revise the MTFS through to 2025 and present options to the new administration following the May 2018 local elections. The PSR began in Summer 2017.

1.5.3 The assumptions relating to expenditure within the MTFS are:

- **Pressures:** an assumption has been made in the MTFS for future pressures such as increasing complexity and service user numbers in Adults and Family Services based on population information and historical trends within the service
- **Inflation (pay):** the local government pay award is assumed to increase by 2% in 18/19 and 19/20;
- **Inflation (non-pay):** an estimate of non-pay inflation has been included based on the ONS CPI forecasts;
- **North London Waste Authority (NLWA) levy:** figures for the NLWA levy are based on the latest information from the NLWA but levy information for 2018/19 isn't released until mid-December 2017;
- **Capital financing costs:** this relates to the Council's estimates of the revenue costs of its Capital Programme

1.5.4 The assumptions relating to income within the MTFS are as follows. These will be reviewed once more details are available about the proposed London Business Rates Pool:

- **Business rates:** £3m of non-recurrent funding has been recognised as a result of the proposed London-wide Business Rates Pooling;

- **Revenue Support Grant (RSG):** This reflects the multi-year funding settlement to 2020 following the councils successful submission to the Department for Communities and Local Government of its “Efficiency Plan”;
- **Social Care Precept element of council tax:** the council has the flexibility of raising a maximum of 6% via the social care precept to spend exclusively on adult social care, including care for the elderly. In 2017/18, the council set the Social Care Precept at 3% on Council Tax and a further precept of 3% for 2018/19 has been included in the MTFS which will enable the council to continue with meet the increasing demand in adult social care.

1.5.5 There are known risks which have not been factored into the current MTFS, these are:

- Children’s improvement plan: although the likelihood is low, the risk of not successfully implementing the children’s improvement plan at pace could lead to direction from the Secretary of State through Essex County Council, our improvement partner, which could lead to additional financial pressures;
- Demographic increases: the MTFS factors in an increase in demographic pressures, however if the increase services experience are more than this, then this could result in an overspend across those services impacted;
- Temporary accommodation pressure: there is an insufficient supply of affordable, local, temporary accommodation. The council is looking to use temporary accommodation which may be in borough, out-of-borough or out-of-London;
- Non-pay inflation: the current MTFS assumes an average 2.7% increase in contract spend, however inflation on some of the contracts is being assessed at 4%, if this is the case on most of the contracts, then this could result in an overspend across services;
- No benefit or dis-benefit has been assumed in the MTFS for the Fair Funding Review (expected to be 2020/21);
- No benefit or dis-benefit has been assumed in the MTFS for implications of Brexit, other than the macroeconomic trends currently being experienced;
- No benefit or dis-benefit has been assumed in the MTFS as a result of Business Rates baseline resets (due in 2020/21).

Reserves

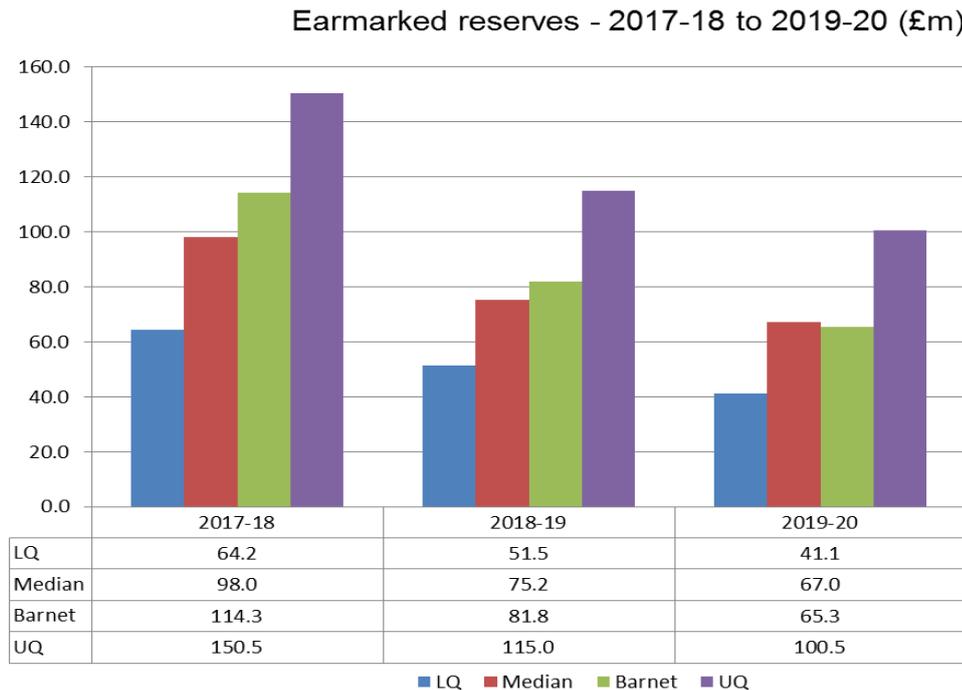
1.5.6 The Council’s earmarked reserves are forecast to be £63.6m at the end of 2017/18, £33.2m lower than the beginning of the year.

1.5.7 The current MTFS proposals include reserves funding of £7.7m in 2018/19 and £9.95m in 2019/20 contributing towards getting to a balanced budget. The use of reserves in this way is a temporary measure to balance the budget.

1.5.8 In addition to Earmarked Reserves, the council maintains a General Fund balance to manage the impact of uneven cash flows and unexpected events or emergencies. The level of general reserve to be held is not specified,

however the council uses a guide of 5% of annual net revenue expenditure. For 2017/18 this equates to £12m. At the 31 March 2017 the balance stood at £9.6m.

1.5.9 Barnet is not alone in seeing acceleration in the reduction of Earmarked Reserves. A recent survey by London Councils shows that London Boroughs earmarked reserves will reduce by an average of £42m as shown in the figure below.



Council Tax

1.5.10 Increasing general council tax by the maximum 1.99% will generate approximately £3.3m. The MTF5 makes no assumption of any general Council Tax increase in 2018/19 but does assume a 1.99% increase in 2019/20. Any intention to raise Council Tax would need to be consulted on with the final decision being made by Council in March in consideration of the consultation outcome.

1.5.11 It is assumed that the Council will increase the Social Care Precept by the maximum 3% in 2018/19. This is expected to raise £4.9m towards the estimated cost pressure of £10m within Adult social care over the MTF5 period.

1.6 Savings proposals 2018-20

1.6.1 Theme Committees were asked to confirm delivery of savings for 2018-20 against the plans that were agreed at the March 2017 Council meeting to achieve savings of £34.1m.

1.6.2 The savings have been reviewed for the two years to consider deliverability. Savings have been reduced where deemed unachievable, resulting in a revised total of £28.6m, therefore a gap of £5.5m across two years. There is a plan in place to deliver the remaining proposals; however, there are potential delivery risks which will be managed as plans progress.

1.6.3 The revised 2018-20 savings targets by Theme Committees are as below:

Theme Committee Savings	2018/19	2019/20	Total
	£000	£000	£000
Adults & Safeguarding	2,980	4,917	7,897
Assets, Regeneration & Growth	2,355	2,308	4,663
Children, Education, Libraries & Safeguarding	2,692	2,898	5,590
Community Leadership	0	243	243
Environment	1,915	2,780	4,695
Policy & Resources	1,345	4,123	5,468
	11,287	17,269	28,556

1.6.4 The detailed savings plans are included at appendix B.

1.7 Options to balance the MTFS

1.7.1 The council has a statutory responsibility to set a balanced budget and in order to do so the current gap of £6.7m needs to be closed.

1.7.2 The following are proposed as options to consult on in order to balance the MTFS. It is recognised that the Local Government Finance Settlement, due to be released before Christmas, could differ from the planning assumptions made meaning that different combinations of value may be required to resolve the gap:

	Potential Options	2018/19 Impact £'000	2019/20 Impact £'000
1	Increase General Council Tax in 2018/19 by 1.99%	3,261	3,261
2	Removal or reduction of Capital Programme Schemes to reduce the capital financing costs (Equivalent to reducing schemes by £45.7m in 18/19 and £95.7m in 2019/20 cumulatively)	3,200	6,700
3	Allocation of further saving targets to Theme Committees	Nil	6,700

1.7.3 Option 1

Increasing Council Tax by 1.99% in 2018/19 would raise an additional £3.261m. This would resolve the funding gap in year 1 of the MTFS and

reduces the deficit in 2019/20 to £3.416m. This option, in year 2, would need to be combined with elements of option 2 or 3 in order to balance the budget in 2019/20. The consultation document will ask residents for their views on an appropriate level of Council Tax.

1.7.4 Option 2

The Council has a significant capital programme which has a revenue impact of around £16m a year. For every £1m reduction in capital schemes, approximately £0.070m (combination of interest and money set aside by legislation in order to pay back the borrowing) can be saved from the revenue budget. However, some elements of the capital programme are self-financing (e.g. the loan to Open Door Homes) and therefore are excluded from this analysis. In order to fully close the gap, capital reductions of £45.7m in 18/19 and £95.7m (cumulative) in 2019/20 are required. The uncommitted schemes that could be considered for deletion or reduction are as follows and services will be consulted ahead of the February P&R meeting to ensure the impact is minimal.

Cttee	Project	Maximum reduction
ARG	Strategic Opportunities Fund	(20,500)
	Colindale highways	(3,800)
	Colindale parks & Open Spaces	(8,000)
	Grahame Park – Community Facilities	(2,000)
	West Hendon highway improvement	(7,600)
	Town centre	(3,000)
CELS	Modernisation - primary & secondary schools	(1,000)
	Contingency	(16,300)
	Secondary school planning	(21,000)
Environment	Investment in roads & pavements	(10,000)
Housing	Disabled Facilities Grants	(3,000)
	Empty properties	(3,000)
P&R	ICT strategy	(1,500)
	Community centre	(1,000)
	Asset Management	(1,500)
	Customer Service Transformation Works	(1,400)
Various	Small Projects	(5,400)
	Total of options	(110,000)

1.5.5 Option 3

Theme Committees have considered deliverability of their current savings programmes during October and November 2017, and indicated that deliverability of some proposals is extremely difficult. During this process, other mitigations and options were put forward where possible.

- 1.7.5 This option would involve setting targets for theme committees to look further at what can be delivered in 2019/20 in terms of service reductions or additional income. Note that the value of savings required by this option will be affected by decisions taken in respect of options 1 and 2 in 2018/19. Given the timescales and consultation requirements, this option is not available towards the 2018/19 MTFS gap.
- 1.7.6 The table below splits the remaining gap as a target between Theme Committees at the same ratio of the existing savings target. This represents an 18% stretch on the original values.

Theme Committee	Original Target over two years	Total additional Savings target
	£'000s	£'000s
Adults & Safeguarding	10,202	1,885
Assets, Regeneration & Growth	7,083	1,309
Children, Education, Libraries & Safeguarding	8,303	1,534
Community Leadership	243	45
Environment	4,695	867
Policy & Resources	5,612	1,037
Total	36,138	6,677

1.8 Other Areas of Ring Fenced Funding

Better Care Fund (BCF)

- 1.8.1 The 2017/18 Barnet BCF allocation is £24.9m and is used to fund health services, social care services, and major adaptations through the Disabled Facilities Grant and to make investments into the development of integrated services.
- 1.8.2 In 2017/18 the Council was allocated £6.9m of BCF funding for the protection of social care.
- 1.8.3 The monies within Barnet's BCF form a pooled budget under section 75 of the NHS Act 2006 overseen by the Barnet Health and Wellbeing Board. The section 75 agreement allows for resources to be easily transferred between health and social in order to meet the objectives of the pooled fund.
- 1.8.4 The success of the BCF and therefore the pooled budget is measured through the achievement of a reduction in emergency hospital admissions, reduction in delayed transfers of care and initiatives with the BCF are targeting resource on preventing admissions to hospital through 7-day social work service, rapid response services and enablement.

- 1.8.5 The core elements of the BCF plan are services for frail and older people and those with long term conditions (LTCs), such as: Barnet Integrated Locality Team (BILT), Rapid Response Team, deployment of a risk stratification for early identification of those in need, 7 day services including hospital social work, and provision of community equipment. The overarching aim of the plan is to provide integrated care and support that intervenes early, prevents crises, responds quickly and helps people stay independent for longer.
- 1.8.6 The BCF Plan includes a commitment to meet NHS England's minimum allocations for the BCF and the required inflationary increases from the 2016/17 baseline of 1.79% in 2017/18 and 1.9% in 2018/19.

Dedicated Schools Budget (DSG)

- 1.8.7 The move towards a National Funding Formula (NFF) for schools and High Needs continues with the publication by the DfE of their response to the second stage consultation and NFF for Schools and High Needs (HN) policy document, 14th September 2017. The Government announced an additional £1.3 billion for schools and High Heeds across the next two years, over 2018/19 and 2019/20.
- 1.8.8 The schools NFF will provide for higher core per-pupil funding, compared to the funding schools are receiving in 2017-18, 0.5% per pupil cash increase in 2018-19, and a 1% increase by 2019-20 compared to baselines. However in year pupil growth will not be funded so resource will need to be found from the overall DSG allocation. This may result in not all the additional 0.5% per pupil being passed onto schools within their individual schools budget.
- 1.8.9 The retained duties element of the Education services grant to cover the statutory duties carried out for maintained schools has now been transferred into the DSG central services school block, £797k, With Schools Forum agreement this money can be retained by Barnet.

Housing Revenue Account

- 1.8.10 Housing Committee has savings that deliver benefits to the Housing Revenue Account (HRA). These total £1.1m from 2018/19 to 2019/20 and comprise the proposals below:
- Reduction in management and repairs costs due to forecast stock losses through estate regeneration and Right to Buy sales;
 - Enhancing the value of contract arrangements, reduced accommodation costs and new ways of effective use of IT;
 - Stopping 'non-essential' works and re-prioritisation of certain types of non-urgent repairs.

Public Health Grant

1.8.11 Consistent with the Spending Review and Autumn Statement 2015, the Public Health grant is expected to continue, however the point at which the funding of public health expenditure will fall within the localisation of business rates is less clear.

1.8.12 As a result, the grant is assumed to reduce year on year by 2.6% in 2018-19 and 2019-20. This reduction in funding will constrain delivery of discretionary services. The proposals follow the strategic direction established for public health and continue to invest in demand management for statutory services whilst ensuring that additional investment in non-statutory but priority services – e.g. drug and alcohol, smoking cessation, winter-well, mental health, self-care, sport and physical activity – are targeted to achieve the best possible health outcome.

1.8.13 In recent years decreases in spend in core Public Health service areas have been achieved via efficiencies and contract re-procurement. This enables an increased spend on the wider determinants of health (£1.3m in 2018-19 and 2019-20). These investments will mitigate the impact of savings that will be delivered.

1.8.14 A refresh of the Health and Wellbeing Strategy was reported to the Health and Wellbeing Board in November 2017, setting priorities for 2018/19. This will guide the planned work of the public health service. The guiding principles will seek to maximise the impact on population health outcomes through the use of the Public Health Grant and influencing system wide prevention

1.9 Capital Programme

1.9.1 Investing in the future is a key strand of the council's response to the scale of the challenge facing Local Government from funding reductions and increasing demand. Barnet will not be able to support the growth needed to ensure the council's financial independence without investment for the future.

The Council has a significant capital programme across both the General Fund and the Housing Revenue Account (HRA). 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.

1.9.2 The current capital programme totals £888.1m up to 2020, funded from a combination of capital receipts, borrowing, revenue and external grant contributions. The MTFs includes provision for future capital expenditure on council priorities through to 2020.

1.9.3 Additions to the capital programme are required in order to:

- Fulfil statutory requirements, including statutory duties;
- Provide investment to generate future capital value;

- Provide investment to realise MTFS savings;
- Provide investment to generate additional council tax and business rates income; and
- Address the environmental, economic and social conditions, due to both statute and to achieve corporate objectives.

Current Capital Programme

1.9.4 A summary, by theme committee, of the capital programme is shown below:

Theme Committee	2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Adults & Safeguarding	23,229	17,136	-	40,365
Asset, Regeneration and Growth	112,495	160,361	37,095	309,951
Children's Education, Libraries & safeguarding	70,094	60,939	51,326	182,359
Community Leadership	71	-	-	71
Environment	31,430	15,239	11,140	57,809
Housing	51,422	38,584	16,141	106,147
Policy & Resources	30,598	4,524	1,120	36,242
Total - General Fund	319,339	296,783	116,822	732,944
Housing Revenue Account	89,214	37,438	28,509	155,161
Total - all services	408,553	334,221	145,331	888,105

1.9.5 The capital programme shown above is funded from the following sources:

- **Grants:** capital grants from central government departments (Transport for London, Education Funding Authority) or other partners;
- **S106:** developer contribution towards infrastructure; confined to specific area and to be used within specific timeframe;
- **Community Infrastructure Levy (CIL):** developer contribution towards infrastructure; can be used borough wide but still has time restrictions on use; paid into infrastructure reserve;
- **New Homes Bonus (NHB):** There are no restrictions on how this can be used but is currently being used to fund infrastructure needs within the borough and is paid into the infrastructure reserve. There is uncertainty over the future of NHB beyond 2020;
- **Capital Receipts:** these are proceeds of capital sales (land, buildings, etc.) and are re-invested into purchasing other capital assets; and

- **Borrowing:** typically Public Works Loan Board loans to support capital expenditure; this type of capital funding has revenue implications (i.e. interest and provision to pay back loan)

Changes to the Capital Programme

Reprofiling

1.9.6 Achieving the planned profiling of expenditure for longer term or large schemes can be difficult. Some projects have been reprofiled from the original programme 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.

1.9.7 The proposed changes to the 2017/18 Capital Programme are included at Appendix C and provided in summary below.

Theme Committee	2017/18			2018/19			Net Movement
	Addits / Dels	Slipge/ Acc Spend	In year Change	Addits / Dels	Slipge/ Acc Spend	In year Change	
Adults & Safeguarding	(3)	(10,265)	(10,268)	-	10,265	10,265	(3)
Asset, Regeneration and Growth	11,250	-	11,250	-	-	-	11,250
Children's Education, Libraries & safeguarding	-	(25,596)	(25,596)	-	25,596	25,596	-
Community Leadership	-	-	-	-	-	-	-
Environment	87	(12,288)	(12,201)	-	12,288	12,288	87
Housing	-	(12,412)	(12,412)	-	12,412	12,412	-
Policy & Resources	(657)	(10,192)	(10,849)	-	10,192	10,192	(657)
Total - General Fund	10,677	(70,753)	(60,076)	-	70,753	70,753	10,677
Housing Revenue Account	(6,551)	(23,977)	(30,528)	8,777	23,977	32,754	2,226
Total - all services	4,126	(94,730)	(90,604)	8,777	94,730	103,507	12,903

Additions to the Capital Programme

1.9.8 There are two significant additions included above. They are:
Colindale Station: recognition of s106 funding towards Colindale station which needs to be recognised within the Council's accounts. There is no additional net cost to the General Fund as a result of this addition.
High priority fire safety works - to cover the cost of high priority works and the recladding of Granville Road at a total cost of £17.5m. A budget of £10m has already been approved as part of the current years capital programme, the

additional £7.5m will be required for 2018/19. This is funded within the HRA therefore there is no additional net cost to the General Fund as a result of this addition. This change was approved by the Housing Committee on the 23rd of October 2017

- 1.9.9 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.

Capital Financing Decisions

- 1.9.10 Individual decisions about the funding method of projects are taken at the point of initial inception. For a number of reasons, the most efficient funding decisions for projects can change. Work was undertaken to review the funding methods of the current capital programme and a number of projects were identified where substituting the funding source would provide a benefit to the ongoing revenue budget.

- 1.9.11 The Capital Programme is knowingly over programmed each year in terms of its affordability within the revenue budget. This recognises that project slippage brings the revenue impact to within the budget available. Funding substitutions are then taken at year end in order to maximise funding in line with the responsibilities of the Section 151 Officer. A decision is required at this point in order to understand the true impact of any changes to the Capital Programme in line with section 1.5 of this report. It is recommended that the Committee delegate responsibility to the Section 151 officer to make in year decisions on funding substitutions in order to maximise funding prior to year-end to aid financial planning.

- 1.9.12 The proposed changes to the financing method are presented in Appendix D.

1.10 Budget Management 2017/18

- 1.10.1 The General fund forecast outturn for quarter two, as reported to the Performance and Contract Management Committee on 28 November 2017, is an overspend of £3.205m (the comparative overspend at this time last year was £6.562m). Directors have been tasked with developing recovery plans to identify all significant pressures and put plans in place to reduce the projected overspends.

- 1.10.2 The delivery units with the most significant overspends are listed below:

- **Family Services** - The projected overspend of £1.345m represents 2.3 per cent of the total Delivery Unit budget (£58.471m). This is primarily due to addition of further staff to Duty and Assessment Team; as per the direction from our Ofsted improvement partner and placements and associated services currently being forecast at a pessimistic level.

However, these will be reviewed throughout the year. The contingencies for next year's budget takes the additional staff into account.

- **Housing Needs Resources** – The projected overspend of £1.411m represents 25.4% of the total Delivery Unit budget (£5.560m). This is due to demand pressures however mitigations are being put in place.

1.11 Transfers from contingency and reserves

1.11.1 The Financial Regulations requires allocations from Contingency above the value of £250,000 per year to be approved by the Policy and Resources Committee. Any allocations from Contingency below that value are approved by the Section 151 officer in conjunction with the appropriate Chief Officer.

Allocations above £250,000 requiring approval:

- A 1 year only allocation to Streetscene to take account of a revised profiling of savings delivery as recommended by the Environment Committee on the 7th of November 2017 - £300k
- An ongoing allocation in recognition of the sustained increase in temporary accommodation costs - £1,300k

1.12 Fees and Charges (Policy & Resources)

1.12.1 Theme Committees have considered the level of Fees & Charges within their portfolios as part of the Business Planning process. There are no recommendations in relation to those Fees & Charges within the Policy and Resources Committee remit.

1.13 Transformation

1.4.1 Delivery of the outcomes set through the Corporate Plan and the savings required by the MTFS have been achieved through the transformation programme. At the heart of this approach is an 'invest to save' model to achieve the best results for residents. This is based on a total of £23m funding from the transformation reserve to deliver savings of £63m.

1.4.2 To date, this model has delivered successful programmes achieving and enabling savings in 2014/15 and 2015/16, in the region of £9m and the total savings achieved in 2016/17 was £9.7m. So far in 2017/18 achievement totals £3.4m. Each project funded from the transformation reserve, in line with Barnet's project management toolkit, will set out clear benefits related to the delivery of the Corporate Plan and MTFS.

1.14 Debt Write Off

1.14.1 The Council has a duty to pursue all debt owed to it. The debt management policy covers all aspects of debt due to the council. No matter how good the recovery procedures are, inevitably there is debt which has to be written off. It should be noted that although the debt is written off for the purposes of the council's accounting, if there is an opportunity to pursue this debt at a later

stage it will be undertaken. The write offs over £5k all relate to Temporary Accommodation rents and are as follows;

ACCOUNT NO	AMOUNT	TERMINATION DATE	REASON
170080041	£5,319.62	21 March 2010	Statute Barred
170116467	£12,541.32	28 March 2010	Statute Barred
170092598	£5,392.48	28 March 2010	Statute Barred
170059243	£12,630.36	30 May 2010	Statute Barred
170109201	£9,348.24	20 June 2010	Statute Barred
170119354	£8,712.68	14 March 2010	Statute Barred
170111990	£7,907.42	21 February 2010	Statute Barred
170128301	£5,000.07	22 June 2010	Statute Barred
Total	£66,852.19		

2. REASONS FOR RECOMMENDATIONS

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

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

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

4. POST DECISION IMPLEMENTATION

- 4.1 Following approval of these recommendations, resident consultation will begin on 6 December 2017 and end on 14 January 2018. The savings proposals will then be reviewed in light of the results from the consultation and individual and cumulative equality impact assessment and a further set of proposals along with the findings from the consultation will be presented to Policy and Resources committee on 13 February 2018.
- 4.2 Policy and Resources Committee will then, after considering the consultation responses and the equalities impact assessments, refer the proposals to Council. Council will set the budget envelope. Some savings proposals may

need individual detailed consultation and this will be carried out before individual decisions are made. If the consultation and equality impact assessment results are such that the decision makes decide not to implement the proposals then alternative proposals will be considered including the use of reserves.

- 4.3 Savings proposals along with the council tax requirement will then be taken to Council on 6 March 2018.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 This supports the Council's corporate priorities as 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 revenue budget proposals will enable the council to meet its savings target as set out in the MTFs. These budgets will be formally agreed each year, after appropriate consultation and equality impact assessments, as part of the council budget setting process. For this reason, the proposals are subject to change annually.

5.2.2 The budget proposals in this report will have an impact on staff. Individual reports will be presented to General Functions Committee detailing the extent of the impact on staffing.

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.

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 Article 7 sets out the terms of reference of the Policy and Resources Committee which include:

- To determine strategic policy, finance including recommending capital and revenue budget to Full Council, welfare, corporate plan and local plans, procurement, partnerships, IT, grants and the effective use of resources.
- To be responsible for those matters not specifically allocated to any committee affecting the affairs of the Council.

5.5 Risk Management

5.5.1 Risk is defined as an uncertain event that, should it occur, will have an impact on the organisation’s ability to achieve its objectives. A risk is measured by the likelihood of a perceived threat or opportunity occurring and the magnitude of its impact on the organisation’s objectives.

5.5.2 The overarching aims of the council’s risk management framework are to improve the organisation’s ability to deliver its strategic objectives by managing risk; creating a risk culture that adds value to operational activities; and achieving sustained benefit across the portfolio of activities.

5.5.3 The risk management framework should help to ensure risk management is embedded throughout the organisation and involves all key stakeholders, including officers, senior managers, members and partners.

5.5.4 The Council has taken steps to improve its risk management processes by integrating the management of financial and other risks facing the organisation.

5.5.5 The Council’s medium term financial strategy is designed to meet the challenges ahead and provide some flexibility to deal with varying service pressures, which may arise. The Council holds a number of other provisions and reserves to meet known future liabilities and as a contingency against specific areas of risk.

- 5.5.6 Detailed monthly budget monitoring arrangements are in place across the Council, which are designed to provide an early warning of possible budget variations to enable early remedial action, where appropriate, to be taken.
- 5.5.7 During the year management will focus resources on key risk areas as part of the overall monitoring and management of services so the risk of overspending is minimised.
- 5.5.8 The challenges set out in this report require fundamental change in the way Council services are delivered, which impacts on the human resources of the organisation and related policies and practices. This process will be managed in conjunction with Trade Unions and staff.
- 5.5.9 The future savings proposals are significantly challenging and dependent on a range of factors often outside of the control of the service and with longer lead in times. The achievement of savings predicated on reducing demand through improved preventative work and social work practice should lead to better outcomes. However the relationship between early intervention/prevention and reduced demand on social care is not always linear and is subject to a range of both controllable and uncontrollable variables. There is therefore a risk that the savings set out may not be deliverable as the Council must always ensure that safeguarding of adults, children and young people remains paramount.

5.6 Equalities and Diversity

- 5.6.1 The Public Sector Equality Duty is set out in s149 of the Equality Act 2010.
- 5.6.2 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 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.
- 5.6.3 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.

5.6.4 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.

5.6.5 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.

5.6.6 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.

5.6.7 The relevant protected characteristics are:

- Age;
- Disability;
- Gender reassignment;
- Pregnancy and maternity;
- Race;
- Religion or belief;
- Sex; and
- Sexual orientation

5.6.8 The Equality Act 2010 and The Public Sector Equality Duty impose legal requirements on elected Members to satisfy themselves that equality impact considerations have been fully taken into account in developing the proposals which emerge from the finance and business planning process, together with any mitigating factors. To allow the Council to demonstrate that it has met the Public Sector Equalities Duty as outlined above, each year the Council undertake a planned and consistent approach to business planning. This assesses the equality impact of relevant budget proposals for the current year (affecting staff and/or service delivery) across services and identifies any mitigation to ease any negative impact on particular groups of residents. This process is refined as proposals develop and for the February 2018 Policy and Resources Committee it will include the assessment of any cumulative impact on any particular group.

5.6.9 The Council's Annual equalities report 2017 reports on how this process was carried out in 2016/17. At this stage of the budget planning process for 2018/19 savings and savings to 2020, the council has conducted a preliminary high level review of the equalities impact of the initial proposals and these are outlined in the savings templates, which have been approved

by the relevant Theme Committees. These are attached at appendix B to this paper and give detail of analysis to date indicating where further equality analysis may be required. Between December 2017 and February 2018 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 EIAs for 2018/19 proposals will be kept under review and updated prior to publication with the final budget report to Policy and Resources Committee and Full Council.

5.6.10 Similarly, all human resources implications of the budget savings proposals 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.

5.7 Consultation and Engagement

5.7.1 As a matter of public law the duty to consult with regards to proposals to vary, reduce or withdraw services will arise in four 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.

5.7.2 Regardless of whether the council has a duty to consult, or 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 reasons why alternatives and discarded options have been discarded.

Preliminary consultation

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

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

5.7.4 In 2014 formal consultation took place on the Strategic Plan to 2020. The results of which were presented to Policy and Resources Committee in February 2015 and Full Council in March 2015, before signing off the final Strategic Plan and MTFs to 2020.

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

The consultation aimed to:

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

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

Phase	Date	Summary
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"> • Engagement through Citizen's Panel Workshops which focused on stakeholder priorities and how they would want the Council to approach the Priorities and Spending Review • An open 'Call for Evidence' asking residents to feedback ideas on the future of public services in Barnet.
Phase 3: Engagement through Committees	<i>Summer 2015</i>	<ul style="list-style-type: none"> • Focus on developing commissioning priorities and MTFs proposals for each of the six committees

Phase	Date	Summary
		<ul style="list-style-type: none"> • Engagement through Committee meetings and working groups
Phase 4: Strategic Plan to 2020 Consultation	December 2014 -2015	<ul style="list-style-type: none"> • A series of six workshops with a cross section of residents recruited from the Citizens Panel and Youth Board, plus two workshops with users¹ of council services. • An online survey

The savings proposals for 2018/19 have been agreed by the relevant Theme Committee.

General consultation on the 2018/19 budget

5.7.7 Public consultation on the overall budget for 2018/19 will commence on 6 December 2017 following Policy and Resources Committee and end on 14 January 2018. Final savings are agreed by Policy and Resources Committee on 13 February 2018 and Full Council on 6 March 2018

5.7.8 The 2018/19 general budget consultation will focus on the overall size and individual components of the 2017/18 budget in general terms. In particular the consultation will invite views on the:

- overall budget and saving proposals
- the savings being made within each Theme Committee
- also, if Policy and Resources Committee agrees to consult on the recommendations for Council Tax, the consultation will seek views on:
 - whether or not the council should apply a 3% social care precept for 2018/19 to help fund care for the elderly;
 - views on the Council's flexibility to increase general Council Tax for 2018/19; and
 - alternative options presented to meet the budget gap.

5.7.9 Residents and businesses will be invited to give their views through an online questionnaire published on Engage Barnet. Paper copies will also be available on request.

5.7.10 If Policy and Resources Committee agrees to consult on the recommendations for Council Tax, the consultation will also seek the views of the Citizens' Panel, to ensure the views of a representative sample of the borough's population is captured.

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

¹ One "service user" workshop was for a cross section of residents who are non-universal services users from across the Council. The second workshop was for adults with learning disabilities.

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

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

5.7.14 As outlined in section 5.7.1, in terms of service specific consultations the Council has a duty to consult with service users where there are proposals to vary, reduce or withdraw services.

5.7.15 Where appropriate, separate service specific consultations have already taken place for the 2018/19 savings or will take place over the next few months. The outcomes of these consultations have or will feed into committee decision making process.

5.8 Insight

5.8.1 Not applicable.

6 BACKGROUND PAPERS

6.1 Full Council, 1 March 2016, agenda item 11.1 Business Planning 2016 – 2020

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8343&Ver=4>

6.2 Policy and Resources Committee, 28 June 2016, agenda item 8 Business Planning 2017 – 2020

<http://committeepapers.barnet.gov.uk/ieListDocuments.aspx?CId=692&MId=8728&Ver=4>