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Meeting	Cabinet
Date	17 <sup>th</sup> July 2012
<b>Subject</b>	<b>Finance and Business Planning Process 2013/14 to 2015/16</b>
Report of	Leader of the Council Cabinet Member for Resources and Performance
Summary	This report sets out the strategic context for the finance and business planning process for 2013/14 to 2015/16, updates on the Council's medium term financial strategy, and sets out the timetable that the process will follow between now and March 2013.

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Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix 1 – Medium Term Financial Strategy Update
For decision by	Cabinet
Function of	Executive
Reason for urgency/ exemption from call-in	N/A

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## **1 RECOMMENDATIONS**

- 1.1 To agree the strategic context for the business planning process for 2013/14 onwards as set out in section 9.2 and 9.3;**
- 1.2 To note the updated budget gap for the next 3 years as set out in paragraph 9.4.4 and Appendix 1;**
- 1.3 To agree the allocation of savings targets as set out in paragraph 9.4.8 to enable departments to work up proposals for review in the autumn;**
- 1.4 To agree the timetable for business planning as set out in paragraph 9.7; and**

## **2 RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet on 20<sup>th</sup> February 2012 approved the Budget, Council Tax and Medium Term Financial Strategy for 2012/13 to 2014/15. This report looks at the strategic context within which the business planning process will be delivered, which will culminate in the Budget, Council Tax and Medium Term Financial Strategy for 2013/14 to 2015/16.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The business planning process is designed to enable Members to set the strategic direction of the Council, and for that direction to be reflected in the Corporate Plan, the budget, and business unit and individual staff plans. The process is designed to dovetail with the Corporate Plan, ensuring resources are most effectively focused on the priorities set out in the plan. The nature of the process is particularly designed to support the priority of *Better Services with less Money*.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 Severe resource constraint represents the most significant risk to the Council fulfilling its strategic objectives. The Council set a three year Medium Term Financial Strategy in March 2012, which means that a plan is in place to deliver the organisation's objectives in the context of reduced government funding.
- 4.2 The Council's improved risk management process is reported quarterly to Cabinet Resources Committee, along with other performance management information, and will be reflected as appropriate in financial and business planning.
- 4.3 There is also a significant risk that the government has to reconsider the current spending review (2011-15) and make further cuts to local government support. This pessimistic assumption is now factored into our financial planning.

- 4.4 The challenges set out in this report will require fundamental change in the way Council services are delivered which in turn will impact on the human resources of the organisation and related policies and practices.

## **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 Equality and diversity issues are a mandatory consideration in decision-making in the council (including, specifically, the public sector equality duty under the Equality Act 2010). This requires members to satisfy themselves that equality considerations are integrated into day to day business and that all proposals emerging from the finance and business planning process have properly taken into consideration including what impact, if any, there is on any protected group and what mitigating factors can be put in train.
- 5.2 The projected increase in the borough's population and changes in the demographic profile will be key factors that need to be considered when determining both the corporate strategy and service responses. Both of these need to also reflect the aspirations and contributions of current residents.
- 5.3 Similarly, all human resources implications will need to 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.

## **6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)**

- 6.1 This report is concerned with the Council's medium-term financial strategy and budget process. The 2012/13 planning process was again characterised by the most significant cuts to grant funding for local authorities in a generation. Since that point, three year budgets have been set, meaning that the Council has gone a long way to overcoming the significant challenge that the cuts to funding present. However, a period of continuing austerity will continue through to at least 2016/17, with likely additional cuts to government funding over the period from 2014 to 2017. There is significant uncertainty (and opportunities) over the outcome of the government's review into local government funding that will be implemented for 2013/14, so the forthcoming planning process needs to reflect this position.
- 6.2 The content of this report deals with some of the significant demographic and related changes that impact on the borough. While the Council is required to set an annual budget, and it is standard practice to set a 3 year medium term financial strategy, a longer term view (10 years) will need to be considered to fully understand the strategic planning challenges facing the Council.
- 6.3 There has been significant global economic uncertainty over recent months. The outlook for UK growth over the longer-term remains very weak and future cuts to public spending are now likely. In proportional terms, a

significant element of these cuts are likely to be focused on local government, with a future spending review being 50% more severe than the current round of cuts. Given this context, the council's financial strategy has to remain cautious.

- 6.4 As a result of reforms to local government finance, growth in Council Tax will be retained by Councils as will an element of business rate growth. This means that growth is now very important to the financial strategy. Future investment will need to be targeted in such a way that facilitates growth across the borough.
- 6.5 The financial strategy is underpinned by a Council Tax increase of 2.5% per annum throughout the period from 2013 to 2016.

## **7. LEGAL ISSUES**

- 7.1 The Government's NHS reforms, as contained in the Health and Social Care Act 2012, are addressed in section 9.2.16 below.
- 7.2 All proposals emerging from the business planning process will need to be considered in terms of the Council's legal powers and obligations (including, specifically, the public sector equality duty under the Equality Act 2010) and, where appropriate, mechanisms put into place to ensure compliance with legal obligations and duties and to mitigate any other legal risks as far as possible.

## **8. CONSTITUTIONAL POWERS**

- 8.1 Constitution, Part 3, Responsibility for Functions – Section 3, Responsibilities of the Executive.

## 9. BACKGROUND INFORMATION

### 9.1 Executive Summary

9.1.1 For the 2012/13 business planning, Cabinet set the strategic objectives that form the basis of the 2012/13 Corporate Plan. These objectives drive the allocation of resources and are refined through public consultation.

9.1.2 Despite large cuts to local government funding and continuing economic uncertainty, Barnet Council is in a strong position. The Council has a robust three year plan to meet savings requirements and a track record of delivery of savings already over the current spending review period. Alongside this, the Council's reserves position and financial resilience remains strong.

9.1.3 The Corporate Plan is now more focused and concise, setting objectives against the most important priorities for the organisation. This provides a strong basis for performance management throughout the year.

9.1.4 The next planning cycle throws up some new challenges, the main ones being as follows:

- Given the continued gloomy outlook for the UK economy, there is a likelihood that there will be further spending cuts implemented by the government from 2014/15 onwards, over and above the cuts already indicated in the autumn statement in 2011. The planning cycle needs to identify options to address these likely cuts in the Medium Term Financial Strategy;
- Growth is now of huge importance to the Council's financial strategy. Significant changes are taking place to the way local government is financed, most significantly the retention of business rates, the ability to retain growth in the Council tax base, and the localisation of Council Tax benefit from April 2013; and
- The Council has already successfully established the Local Authority Trading Company, the Parking contract and will enter into more contractual arrangements in 2012/13, most significantly the Development and Regulatory Services contract and the Support and Customer Services contract. The implementation of these projects is fundamental to the delivery of the financial strategy. This direction of travel necessitates the move to a new organisational form which establishes firm commissioning and contract management arrangements. The planning process needs to ensure that this new form is implemented by April 2013.

9.1.5 The Medium Term Financial Strategy has been updated in this document. The budget gap is £49m over the three years 2013/14 to 2015/16, and pressures of £4.5m. Some savings (£29.8m) have already been identified to cover 2013/14 and 2014/15. There is an additional budget gap for 2014/15 of £6.1m, and the budget gap for 2015/16 is projected to be £17.9m. To provide options for Cabinet to consider, savings targets are set out in paragraph 9.4.8.

9.1.6 The timetable will run in three stages:

- 1 – Identification of strategic objectives and resource gaps;
- 2 – Consultation and development/review of draft business plans; and
- 3 – Formal approval of budget and corporate plan.

9.1.7 The timetable for the process is set out in paragraph 9.6.1.

## 9.2 Strategy

### Strategic Context

- 9.2.1 The economic climate is extremely challenging. Central government funding for local authorities is reducing by £81bn over four years and councils across the country face the challenge of providing better services with less money. It is confirmed that Barnet will have 26% less income from central government over four years from 2011 to 2015. At the same time, population growth and rising expectations makes it imperative that the council is able to adapt and change to ensure better services for our residents.
- 9.2.2 Given the current economic climate, it is increasingly likely that the government will need to make further cuts to local government funding from 2014/15 onwards, and it is predicted that these cuts will be up to 1.5 times as great as the current spending review cuts.
- 9.2.3 In spite of current funding challenges, the residents of Barnet continue to receive high quality services: 91% of schools in Barnet are rated as 'good' or 'excellent' by Ofsted and Adults and Children's services are recognised as 'excellent' by external inspectors. The borough remains an attractive and successful place to live, with household incomes totalling almost £6bn last year and 86% of residents satisfied with their local area.
- 9.2.4 The council's future regeneration programme will see £6bn of private sector investment over the next 25 years to ensure that the borough remains an attractive place to live and do business.
- 9.2.5 Growth in Barnet is now of huge importance to the finances of the Council. Changes in the local government finance system mean that Councils will see greater local control over Council Tax and Business Rate receipts. This means that the financial strategy now needs to be underpinned by a growth in the tax base and economic growth to ensure that Council Tax remains low and the quality of public services can be preserved.
- 9.2.6 The council's approach to business planning has been to focus on mitigating the impact of funding reductions on front line services as far as possible through back office efficiencies and developing alternative ways to deliver services. In the business planning report approved in March 2013, £43m of savings identified were identified, with 77% being efficiencies, 17% from service reductions and 6% were related to increases in income.

9.2.7 At the same time as prioritising resources and cutting back on waste and inefficiency, the council is investing in order to meet the challenges of the future. In Children's Services we are investing over £1m a year in Early Intervention. The council has also set aside £4.5m of pressures over the next three years to fund increases in demand due as a result of an increasing population.

### **Strategic objectives and the Corporate Plan**

9.2.8 The Corporate Plan is the overarching strategic document for the council, setting out its strategic objectives. The 2012/13 Corporate Plan was revised to reflect the new freedoms offered by the new Localism Act.

9.2.9 The current plan is more focused, with a reduced number of objectives, refined performance targets, and clear lines of accountability. The Corporate Plan sits above published Service Plans for each directorate providing a clear link between the council's strategic objectives and the actions each service will take to deliver them. The council's strategic objectives reflect the concerns of residents following a consultation exercise to understand the views of residents in relation to service priorities.

9.2.10 The strategic objectives set out in the Corporate Plan reflect the priorities of residents and achieving them require collaboration between the council and its public sector partners. For example, an objective to keep Barnet safe sets out how the council will work with the police and others to achieve this.

### **Overarching priorities**

9.2.11 It is proposed that the corporate planning process for 2013/14 builds on the current overarching themes in the Corporate Plan which are: **Better Services with less money; Sharing opportunities, sharing responsibilities; and A successful London suburb**. The council's strategic objectives sit below these themes. These are set out below:

#### ***Better services with less money***

- Safeguarding vulnerable children and adults
- Investing in early intervention and prevention to reduce the number of children and families experiencing complex problems.
- An efficient council, with services designed to meet the changing needs of residents

#### ***Sharing opportunities, sharing responsibilities***

- Ensuring every school is a good school for every child, and targeting support at young people at risk of not fulfilling their potential
- Supporting residents to live healthy and independent lives
- Offering greater personalisation for users of care services, a positive experience of care for and support for carers

#### ***A successful London suburb***

- Working with our partners and residents to keep Barnet safe.
- Protecting the Barnet environment
- Maintaining clean streets, and keeping Barnet moving through efficient management of the roads and pavements network
- Sustain Barnet as a successful place through regeneration, and supporting enterprise and employment

### **Detailed budgetary review**

9.2.12 The Council's budgeting is done on an "incremental" basis, taking the current resource allocation and amending this through targeting of savings and adding additional funding for pressures or priorities. Periodically, it is important that the organisation take a more fundamental review of its entire resource base, considering two fundamental points:

- a) That resource is **allocated in line with political priorities**; and
- b) That resource allocation reflects the "**value added**" from its current deployment. Just because a certain area is deemed to be a priority, does not mean that current way of spending money in that area is effective in delivering outcomes.

9.2.13 This review will start in the latter part of 2012 and run through 2013. It will be comprehensive in assessing the needs and views of customers and residents, it will take into consideration political priorities and will analyse the value of current activity within the Council and commissioned from external providers. This will feed back into the planning process for future years.

### **New organisational form**

9.2.14 The planning process for 2013/14 onwards needs to reflect the changes to the Council organisational structure agreed at General Functions Committee in May. The new structure will have strengthened capacity around commissioning and contract management to manage the system of internal, arms length and external delivery units. The process will need to adapt in a number of ways. For 2013/14, this will involve specifically:

- Ensuring that **formal agreements** on outcomes to be delivered are in place between delivery units and commissioners;
- Ensure that **budgets are reorganised** to reflect the new structure;
- Balancing **flexibility** to amend commissioning plans and **certainty** for delivery units;
- A greater degree of **financial autonomy** for delivery units. It is proposed that this operates by the development of reserves and profit/loss accounts for delivery units who will be able to manage resources over a longer timeframe rather than an annual basis. However, this greater autonomy needs to be earned through sound use of resources; and



- With greater autonomy for delivery units, there needs to be sufficient **incentives** in the system to ensure that different units work together rather than perpetuating a silo based approach to budgeting.

### **Changes to local government funding**

9.2.15 April 2013 will see fundamental changes to the way that local government finance is resourced. The main changes are in respect of business rate retention, Council Tax benefit localisation, the ability for Councils to retain increases in the Council Tax base, and the transfer of Public Health responsibilities. For the Council Tax base, it is expected that the system will be reset in 2013, and will be reset again in 2020.

9.2.16 The Government's NHS reforms, as contained in the Health and Social Care Act 2012, provide an enhanced role for local authorities in system leadership of local health and care. A significant ringfenced budget of ca. £12m will be transferred to the Local Authority. There is an opportunity for local authorities to use this funding more effectively in line with the objectives. However there is a risk that Barnet are one of the most underfunded public health bodies in London compared to its needs assessment and will not have sufficient funds to do anything more than its statutory duties. Under the Act, Health and Well-Being Boards must agree a Strategy for the health and well-being of their local populations. The Strategy has four main themes:

- preparation for a healthy life – that is, enabling the delivery of effective pre-natal advice and maternity care and early-years development;
- wellbeing in the community – that is creating circumstances that better enable people to be healthier and have greater life opportunities;
- how we live – that is enabling and encouraging healthier lifestyles; and
- care when needed – that is providing appropriate care and support to facilitate good outcomes and improve the patient experience.

9.2.17 In respect of Barnet's local authority education functions which feature in Local Authority Central Spend Equivalent Grant (LACSEG), Department of Education (DfE) are exploring with DCLG the top-slicing of formula grant and placing the money within the DfE budget. The DfE would then distribute this funding on a national basis proportionate to pupil numbers in the maintained and Academy sectors. This will be consulted on further over the summer as part of business rates retention scheme consultation.

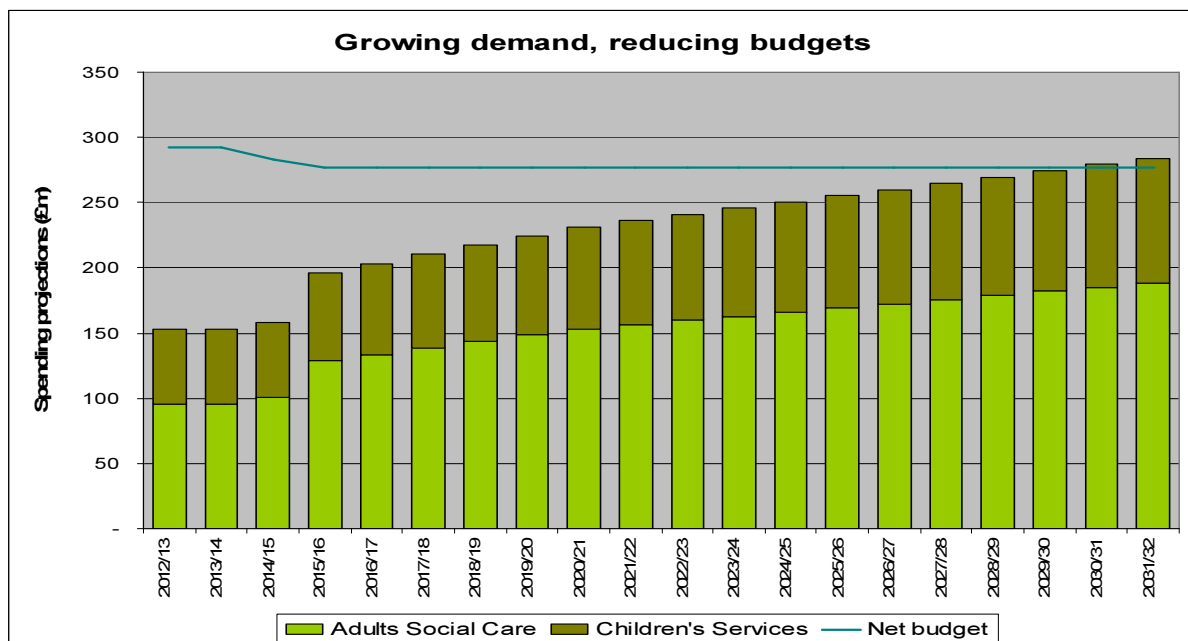
9.2.18 There is real uncertainty over the future of core government grants such as early intervention grant, learning disabilities grant and homelessness grant. Barnet currently receive this funding in addition to its formula grant. In future this could be funded as part of the localisation of business rates.

9.2.19 Schools funding formula is set to change and there is a risk of this significantly impacting the council. Currently around £4m of central expenditure is funded from schools grant. This will be subject to schools 'buy back' in future. Any expenditure not bought back will have to be reduced.

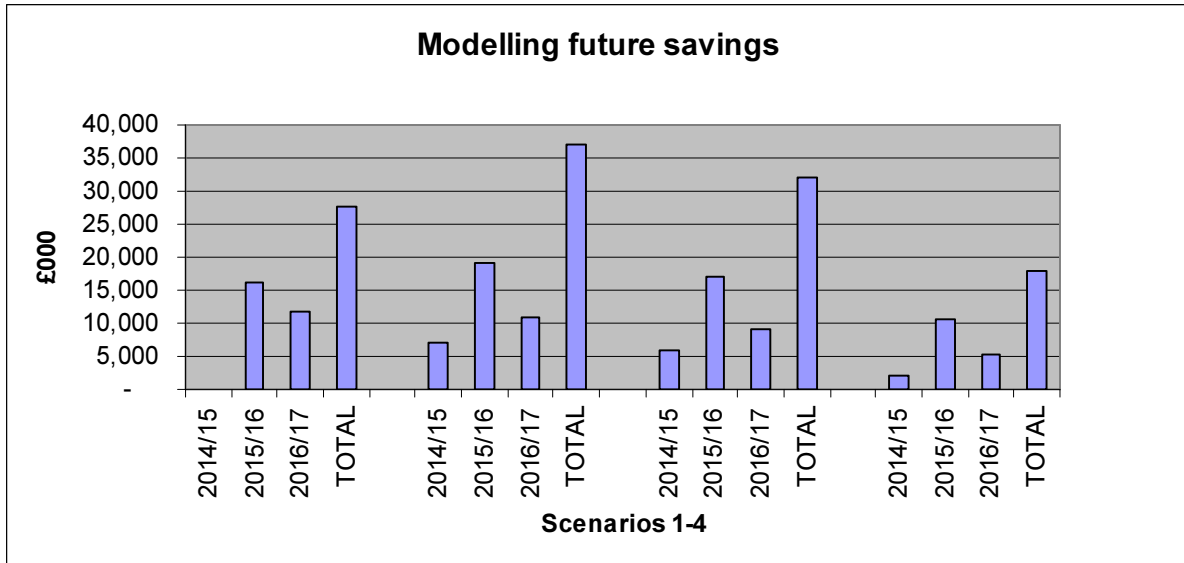
### 9.3 Longer term planning

#### Growth and demand management

- 9.3.1 Modelling has been undertaken to understand the impact of growing demand on the council's budget resulting from demographic change, taking into account a range of factors including population increase, inflation and likely legislative changes.
- 9.3.2 Although many factors will change and this graph is illustrative, it shows that, if funding to local government remains flat, the council's entire budget will potentially be spent on Adults Social Care and Children's Services within 17 years.
- 9.3.3 This is relevant to our planning process in a number of ways. Firstly, this picture is used to inform the level of additional investment needed in services to fund demographic changes. Specific detail on investment in demand is already programmed into budgets for Adults and Children's Services. Secondly, it also provides an evidence base to lobby the government about sustainable funding for local government in the future.



- 9.3.4 It is also important to consider longer term financial planning in the context of the change the government is making to business rates and council tax. Growth in Barnet in terms of the local economy and growth in terms of the numbers of properties (i.e. increase in tax base) will have a real positive economic impact.



9.3.5 The graph above shows 4 scenarios which look at potential additional savings **over and above the current MTFS** for the period 2014-17.

9.3.6 Scenario 1 looks at the savings that would need to be made to meet further government austerity between 2015-17, broad details of which have already been indicated by the Treasury. Scenario 2 takes a more pessimistic scenario and assumes that the government will do a further spending review in advance of 2014/15, with further cuts in this year over and above what is already included in the Council's MTFS.

9.3.7 Scenario 3 assumes a level of Council Tax base growth, which starts to reduce the overall additional savings burden for the Council. If this projected Council Tax base growth goes up, and an element of business rate growth is also assumed, as set out in scenario 4, then the savings burden reduces further.

9.3.8 This demonstrates the real financial opportunity for the Council for growth and economic development. The key questions for financial planning are around what activity will successfully lead to growth and economic development, what activity adds real value in this area. The Council's policy planning will need to be aligned to objectives around growth.

9.3.9 There are a number of scenarios that can be run to predict future growth in business rates and Council Tax as set out above. The financial strategy included in Appendix 1 to this report is based on scenario 3. It assumes a growth in the Council Tax base, but it does not assume growth in business rates as there is currently uncertainty over how retention will work in practice.

## 9.4 Medium Term Financial Strategy

9.4.1 The Medium Term Financial Strategy is the document that sets out all of the budget changes over the relevant planning period, including assumptions

around inflation, changes to levies, pressures, savings and grant funding. It is the model around which the Council's financial strategy is based.

9.4.2 When the budget was set in March 2012, the Medium Term Financial Strategy (MTFS) reflected a budget gap of £35.6m, with savings proposals enabling a balanced position to be set over the three year period.

	2012/13 £m	2013/14 £m	2014/15 £m	Total £m
<b>Budget Gap March 2012 (incl. pressures)</b>	<b>13.1</b>	<b>11.2</b>	<b>11.3</b>	<b>35.6</b>
Savings proposals	(13.1)	(11.2)	(11.3)	(35.6)
<b>Final Gap</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

9.4.3 Now that the 2012/13 budget has been set and is being delivered, the planning process needs to look at the period from 2013/14 to 2015/16. A settlement has not been announced at a national or local level for this period so the MTFS has been updated using scenario planning.

9.4.4 Other factors have also been updated (any known changes to legislation, council tax base, and changes to levies). The updated MTFS for 2013/14 to 2015/16 is as follows:

	2013/14 £m	2014/15 £m	2015/16 £m	Total £m
<b>Revised Budget Gap</b>	<b>12.9</b>	<b>19.5</b>	<b>16.9</b>	<b>49.3</b>
<b>Pressures</b>	<b>1.6</b>	<b>1.9</b>	<b>1.0</b>	<b>4.5</b>
Savings proposals	(14.4)	(15.3)	0	(29.8)
<b>Gap</b>	<b>0</b>	<b>6.1</b>	<b>17.9</b>	<b>24.0</b>

9.4.5 The detailed MTFS with assumptions is included in **Appendix 1**. The changes that have been made to the model as agreed in the budget report in March 2012 are as follows:

- Future grant funding (or future retained business rate funding) has been **reduced by 10% per annum in 2014/15 and 2015/16**. This reflects the latest predictions around further cuts to local government funding from 2014 onwards;
- Contingency was originally held in 2014/15 of £4m for risks associated with potential further cuts funding in that year. Now that the financial model assumes a further cut in funding, this **contingency has been reduced** – as this is what it was originally set aside for;
- Projected **increases in the Council Tax base** have been added into the financial model to reflect the fact that Councils will now be able to keep this growth in funding rather than having to pass it back to central government;
- The effect of **Council Tax benefit localisation** has been added to contingency, including an annual increase in the funding needed to

support this. This assumes a 10% cut in grant funding and also factors in the potential additional take up. There are additional risks here in terms of changes to take up of the new Council Tax support discount, but there are also ways to mitigate the financial pressure by passing the cut on to benefit recipients and reviewing other exemptions and discounts;

- Assumptions around the future **North London waste levy** have been amended to reflect the latest projections; and
- Future **capital financing costs** have been amended in line with the latest spend profile. Further provision has been made for capital financing costs in 2015/16 reflecting potential future spending pressures (for example school places) and also risks around the delivery of capital receipt projections.

9.4.6 The Council Tax increases for the period are set at 2.5%. Inflation on goods and services is assumed to be 2.5% for 2013-16, and pay inflation is set at 1% in line with Treasury public sector projections. Public health grant projections have not been added to the MTFS yet, but these will be incorporated in the autumn when indicative budget allocations will have been published.

9.4.7 The MTFS sets the parameters for the development of savings across the organisation. Directorates will specifically be asked to undertake the following tasks:

- 1. To review current savings proposals for 2013/14 and 2014/15, ensuring they are in line with strategic objectives;***
- 2. To review efficiency measures and ensure that these are maximised, substituting frontline service cuts for efficiency measures where possible; and***
- 3. To develop additional savings proposals for 2014/15 and 2015/16.***

### **Savings targets**

9.4.8 Savings targets remain the same for 2013/14 and 2014/15. Already factored into the MTFS is £29.7m Given more pessimistic assumptions for local government funding, for 2014/15 and 2015/16, an additional budget gap of £6.1m and £17.9m respectively exist and savings targets will be allocated to departments. Savings proposals already agreed in the MTFS are as follows:

	<b>2013/14 £m Revised</b>	<b>2014/15 £m Original</b>
	<b>14.4</b>	<b>15.3</b>
Adults	(3.9)	(5.7)
Children's	(4.6)	(3.9)
Environment Planning & Regeneration	(3.2)	(3.4)
Corporate Governance	(0.2)	(0.2)
Deputy Chief Executive	(0.5)	(0.5)
Commercial	(1.2)	(1.3)
Chief Executive	(0.8)	(0.3)
<b>Gap</b>	<b>0</b>	<b>0</b>

9.4.9 On top of the existing savings target, additional savings are required in 2014/15 and a new saving's target set for 2015/16.

The table below shows this savings targets based on the new structure.

	Savings 14/15 £m	Savings 15/16 £m
<b>Savings Targets</b>	<b>6.1</b>	<b>17.9</b>
Adults & Communities	(2.6)	(7.9)
Children's Service	(1.8)	(5.2)
Street Scene	(0.3)	(1.0)
New Support & Customer Service Organisation	(0.7)	(2.0)
Development & Regulatory Services	(0.1)	(0.3)
Barnet Group (HNR)	(0.1)	(0.3)
Legal	(0.1)	(0.2)
Parking	(0.1)	(0.2)
Strategic Commissioning Group	(0.3)	(0.8)
<b>Gap</b>	<b>0</b>	<b>0</b>

\* Savings that are realised on NSCSO and DRS core services over and above the level already included in the MTFs will be taken off these figures when these are known.

## 9.5 Performance and consultation

9.5.1 As in previous years, the Council has developed a plan to support services and senior managers engaged in the Finance and Business Planning with good quality consultation insight about public priorities and perceptions. To meet the changing needs of the organisation, this plan proposes three complementary waves of consultation to generate insight into the needs, views and expectations of residents in different parts of the borough. This activity will inform the next iteration of the Corporate Plan, new commissioning plans for 2013/14 onwards, and provide information to budget managers when designing future savings options. In addition, it will establish a platform for delivering other strategic activities, specifically those related to co-production, localism and the transfer of responsibilities to residents.

9.5.2 Under the Localism Act, the requirement on local authorities to consult with residents and include local views in shaping decisions has been strengthened. The following three waves of consultation take Barnet a long way towards fulfilling this obligation, through visibly engaging citizens to inform the development of strategic policy. The three waves, intended to be complementary in their output, are:

- **Wave One (June/July):** Consultation in four local areas, providing insight on sense of place, expectations, core council resident perception measures<sup>1</sup> and local priorities, and opening a dialogue around 'the deal' between state and citizen. This will inform the development of the 2013/14 Corporate Plan,

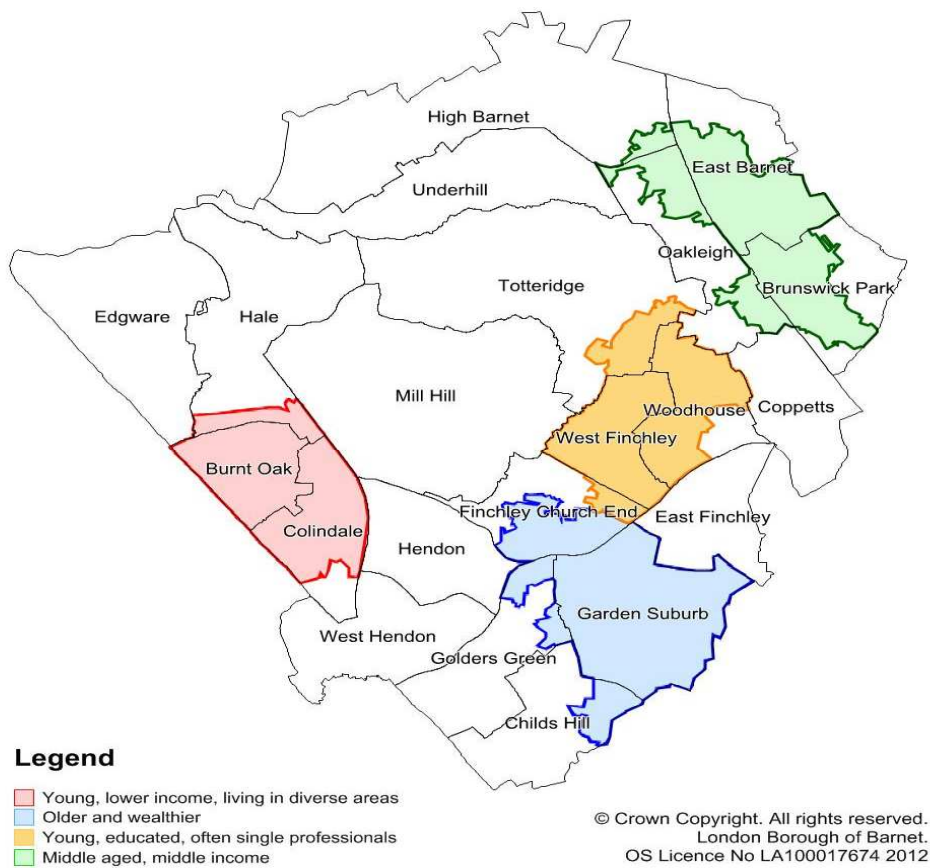
<sup>1</sup> Overall satisfaction with the local area, satisfaction with the council, VFM, social cohesion and civic engagement

commissions, and provide additional insight to help budget managers shape new savings and prioritise options.

- **Wave Two (September):** Residents Perceptions Survey (RPS), providing borough-wide understanding of priorities, core council resident perception measures<sup>2</sup>. This will be used to measure our direction of travel since the last RPS, challenge and review draft strategies, commissions and budget options.
- **Wave Three (November):** Budget consultations, providing opportunities for residents to respond to specific budget options (as per 2012/13 process).

9.5.3 A framework has been developed for clustering the borough into areas of relative similarity based on a number of indicators. Although Barnet is a diverse borough with many different communities, this analysis has identified four areas from which the local samples can be drawn.

### Proposed consultation areas



The consultation will focus on ward-level areas within the identified zones to facilitate the recruitment of local participants. The wards selected are Burnt Oak, Garden Suburb, West Finchley and East Barnet.

<sup>2</sup> The RPS survey will be based on the last survey but realigned to this year's strategic context and agenda

9.5.4 This cycle will need to identify key performance issues within quarterly monitoring reports and ensure that these are dealt with in the planning process for 2013/14.

## **9.6 Organisational change and equalities impact**

9.6.1 The spending review set out significant reductions in resources available for local government over a four year period, so the next few years of business planning will continue to see significant organisational change. This will need to be managed as effectively as possible.

9.6.2 We have a three year budget strategy and are committed to planning well in advance for the implementation of savings. Given this lead in time, services have sufficient time to plan for this and they will be expected to ensure that staffing reductions are managed through vacancies and natural turnover of staff wherever possible.

9.6.3 In order to achieve this managed reduction in staff numbers the Council has implemented a people strategy which recognises that the management of its workforce is one of its most significant challenges as it needs to retain talented and engaged staff whether employed by LBB or with our partner organisations. This people strategy is predicated on redundancies being proposed only where the service is either being ceased or changed, practically this means that there is no voluntary redundancy. This in turn ensures that we retain the skills to deliver our services, plus we look to redeploy staff where possible, again to retain valuable skills and knowledge. This is being achieved by creating a flexible workforce of agency and fixed term contract staff who will be released from their positions where displaced permanent staff are able to be redeployed into those roles. This strategy has meant that in the financial year 2010-11 that there were approximately 150 fewer redundancies than expected.

9.6.4 To ensure that the focus is on building this flexible workforce and so that skills and knowledge are retained the planning assumption is that redundancy and the associated costs will be kept to a minimum. It is not therefore anticipated that there will be central funding of redundancy, payment in lieu of notice or pension strain for 2013/14.

9.6.5 Should there be a need for a programme of redundancies then this will be subject to a full equality impact assessment.

9.6.6 When budget proposals were agreed in March 2012, communities facing equality impact assessments were carried out on each savings proposal. In some instances, it was difficult to assess the equality impact with any certainty at that time. A review of the impact of these decisions will be carried out and will be reported back to Cabinet as part of the finance and business planning process in the autumn.

## **9.7 Timetable**



9.7.1 The timetable set out below which runs from June 2012 to March 2013 is summarised below.

Stage 1 identification of strategic objectives and resource gaps

- July - Cabinet

Stage 2 consultation and development/review of draft business plans

- June – end August – draft plans completed by services in consultation with portfolio holders
- July – September – consultation with public
- September – internal challenge/review meetings
- November – Cabinet report on budget headlines and draft corporate plan objectives

Stage 3 formal consultation and ratification of budget and One Barnet plan

- December – January – formal consultation on proposals
- February & March – budget and Corporate Plan ratified through democratic process

## **10 List of background papers**

10.1 None

Legal – SL

CFO – MC/JH