

Meeting	Cabinet
Date	18 July 2013
Subject	Medium Term Financial Strategy and longer-term financial outlook
Report of	Leader of the Council Cabinet Member for Resources and Performance
Summary	This report seeks approval from Cabinet on the following: <ul style="list-style-type: none"> a) Proposed amendments to the 2013/14 budget; b) the process for confirming final budgets for 2014/15 and 2015/16, consistent with the agreed Medium Term Financial Strategy up to 2015/16; and c) The process for developing the Council's response to the longer-term financial challenges facing the organisation until the end of the decade, as a result of the wider economic climate and continued Government austerity.

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Status (public or exempt)	Public
Wards affected	All
Key Decision	Yes
Enclosures	None
For decision by	Cabinet
Function of	Executive
Reason for urgency/ exemption from call-in	N/A

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1 RECOMMENDATIONS

With the Judicial Review appeal against the Council's NSCSO procurement pending at the time of publication of this report, Cabinet is asked to consider two scenarios in relation to the Council's immediate budgetary position and agree the recommendations set out below accordingly:

Scenario 1

Should the Council be successful and able to enter into the NSCSO and DRS contracts in the Judicial Review appeal, Cabinet is asked to agree the following:

- 1.1. To note that a draw-down from reserves to amend the 2013/14 current year budget will come back to Cabinet as set out in section 9.4;
- 1.2 That the process for setting the 2014/15 and 2015/16 budget proposals is agreed as set out in section 9.5, with a draft 2014-15 budget presented to Cabinet in November, to be finalised next February;
- 1.3 To note the potential budget gap facing the Council over the period from 2016 to 2020, based on a number of assumptions around the future level of Government grant and the potential demand pressure on services, as set out in section 9.6; and
- 1.4 That the process for developing the Council's response to longer term financial challenges until the end of the decade, as a result of slower than expected economic growth and continued Government austerity, is agreed as set out in section 9.6.

Scenario 2

Should the outcome of the Judicial Review appeal be such that the Council is unable to enter into the DRS and NSCSO contracts in the foreseeable future, Cabinet is asked to agree the recommendations above and also:

- 1.5 To instruct officers to come back to Cabinet meeting on 24th September 2013 with proposals for achieving one off savings of £15m to Council budgets by April 2014 in order to fund investment and transformation of NSCSO and DRS services, and proposals for a further £10m a year of on-going savings in order to plug the gap in the current MTFs.

2 RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet, on 20 July 2012, agreed a business planning process – known as the Council's Medium Term Financial Strategy (MTFS) covering the period 2013/14 – 2015/16.

- 2.2 Cabinet, on 7 November 2012, agreed the Council's draft strategic priorities and outcomes – to be reflected in the Corporate Plan - and the draft budget proposals for 2013/14 to 2015/16 for consultation.
- 2.3 Cabinet, on 25 February 2013, agreed the budget and MTFS for the period 2013/14 to 2015/16.
- 2.4 Council, on 2 March 2013, agreed the budget and MTFS for the period 2013/14 to 2015/16.

3. COUNCIL STRATEGIC PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The annual business planning process enables Members to set the strategic direction of the Council – based on the priorities of residents - and for that direction to be reflected in the Council's Corporate Plan. The Corporate Plan stands as the primary document against which Council policy considerations are evaluated in Committee and Delegated Powers Reports.
- 3.2 The Council's strategic priorities and performance targets were refreshed for the period 2013-14 to 2015-16 as part of last year's business planning process and set out in the Council's Corporate Plan which was published in April. The Council's strategic priorities up to 2015-16, as reflected in the Corporate Plan, are as follows:
- To create the right environment to promote responsible growth, development and success across the borough;
 - To support families and individuals that need it – promoting independence, learning and well-being; and
 - To improve the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study.

The Council's budget is focused on delivering these strategic objectives, ensuring that resources follow strategy.

- 3.3 The Corporate Plan forms an overarching framework for more detailed Delivery Unit plans, team plans, and for setting performance objectives for individual officers, ensuring that all elements of the Council's business planning process are focused on achieving the strategic priorities agreed by Cabinet.

4. RISK MANAGEMENT ISSUES

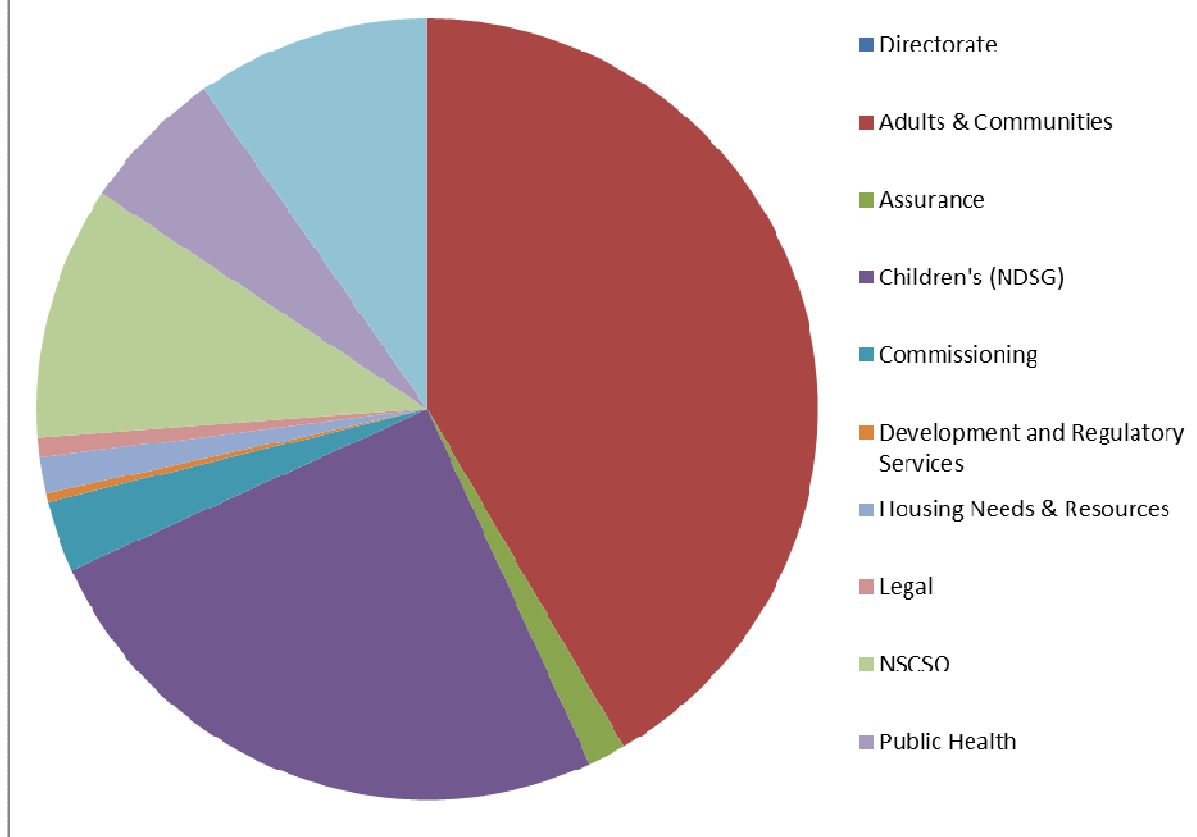
Financial risk

- 4.1 Severe resource constraint represents the most significant risk to the Council achieving its strategic objectives. The Council's transformation programme goes a long way to mitigating this risk. The outsourcing of the Council's back office functions, through the New Support and Customer Services Organisation (NSCSO) procurement contract, expects to save the Council £125m over the next 10 years. In addition, the Developmental and

Regulatory Services (DRS) procurement guarantees a financial benefit of £39m over 10 years. Combined, these savings represent a significant proportion of the total savings that the Council is required to make over the next decade and allows the organisation to protect front line services to residents. However, the on-going Judicial Review appeal against these procurements creates a risk against the delivery of these benefits, and by implication, the Council's ability to make the savings it is required to make in order to live within its means.

- 4.2 The implications of the Council not being able to enter into the NSCSO and DRS contracts are significant. By way of example, the Council is presently losing out on anticipated savings of over £0.5m per month for each month that it is unable to enter into the NSCSO contract.
- 4.3 The figures set out in this report in terms of draw down from reserves are set out on the assumption that the NSCSO and DRS contract start dates have been delayed until the autumn of 2013 (although this is of course dependent on the outcome of the Court of Appeal hearing). At the time of publication, there remains a risk that the Council will be unable to sign these contracts in the foreseeable future if the Council is unsuccessful in resisting the appeal. If this is the case, then an immediate process would need to be developed to bring forward alternative savings proposals for plugging the significant gap in the Council's finances. This scenario presents two key challenges for the Council's ability to operate within budget:
- Developing alternative savings proposals (in effect 'Plan B') for the NSCSO and DRS services, and then implementing these changes, would take time. Given that we are now in the second quarter of the 2013/14 Financial Year, it is unlikely that implementation of alternative savings proposals would happen in advance of March 2015. So, alternative proposals for NSCSO and DRS services would not achieve benefits in 2013/14 or 2014/15; and
 - As set out in the options appraisals for NSCSO and DRS services, alternative options not based on outsourced provision would not deliver savings of the same quantum as the proposals put forward by Capita / Capita Symonds.
- 4.4 The alternative savings proposals will need to be identified from existing delivery unit budgets. The pie chart below illustrates where the impact of further reductions would fall given the 2013/14 net budget of delivery units:

Net Base Budget Delivery Units 2013/14



Risk management

- 4.5 There is continued economic uncertainty within the Eurozone, coupled with the slow growth within the UK economy, and continued uncertainty within the UK banking sector. The Council's financial strategy is reflective of these risks.
- 4.6 Previous budget setting reports have referred to risks in respect of future spending cuts for Local Government. In December, the Government confirmed spending totals for Councils for 2013/14 and Whitehall has subsequently published spending totals for 2014/15, which included an additional cut of 2% on top of the previous cuts outlined at the Spending Review in 2010
- 4.7 On 26 June, the Government announced further cuts for the 2015/16 Financial Year as part of Spending Review 2013. This included a further cut to Local Government funding of around 10% in that year, as well as indicating that austerity is likely to continue until the end of the decade. Current modelling suggests that this is likely to equate to further annual reductions of between £15m and £20m to the Council's budget. For this reason, it is important that the Council continues to be prudent with its use of reserves and contingency to mitigate against future cuts.

- 4.8 The Spending Review also announced that the Government will make funding available to support local authorities that choose to freeze their council tax in 2014/15 and 2015/16. The detail of this is not available yet but it is anticipated that this will be in line with the previous schemes where the grant has on average been equivalent to 2% increase in council tax. The current MTFS assumes an increase in council tax of 2% from 2015/16, however if funding was made available for 2015/16, then council tax increase would be substituted for grant.
- 4.9 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. EQUALITY AND DIVERSITY ISSUES

- 5.1 Equality and diversity issues are a mandatory consideration in the decision-making of the Council. This requires elected Members to satisfy themselves that equality considerations are integrated into day to day business and that all proposals emerging from the finance and business planning process have properly taken into consideration 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 be managed in accordance with the Council's Managing Organisational Change policy that supports the Council's Human Resources Strategy and meets statutory equalities duties and current employment legislation. Full equality impact assessments have been completed on the outsourced projects to ensure that section 149 of the Equalities Act is complied with.

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

- 6.1 This report covers the Council's MTFS and annual business planning process. In March 2013, the Council set a three year MTFS covering the period 2013-14 to 2015-16 which puts the organisation in a strong position to manage the challenges of funding reductions resulting from the 2010 and 2013 Spending Reviews.
- 6.2 In addition to continued austerity, demographic change and the resulting pressure on services poses a significant challenge to the Council. The organisation is facing significant budget reductions at the same time as the population is increasing, particularly in the young and very old. Given that nearly two thirds of the Council's budget is spent on Adult Social Care and

Children's Services, this poses a particular challenge as these services are predominantly 'demand led'. There will also be costs related to infrastructure development. The annual allocation of New Homes Bonus funding will be allocated to the infrastructure reserve as a contribution towards these costs.

7 LEGAL ISSUES

- 7.1 All proposals emerging from the business planning process 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.
- 7.2 Any further cuts to services would require the decision makers to have due regard to the public sector equality duty and to complete equality impact assessments.

8. CONSTITUTIONAL POWERS

- 8.1 Constitution, Part 3, Responsibility for Functions – Section 3, Responsibilities of the Executive.
- 8.2 Council Constitution, Part 3, Responsibility for Functions – Section 4.8 provides for the Cabinet to recommend to the Council for adoption the Council's budget.

9. BACKGROUND INFORMATION

9.1.1 Executive Summary

9.1.2 In March 2013, the Council agreed its MTFS, which set a three year budget for the period 2013/14 – 2015/16. This report asks Cabinet to:

9.1.3 Agree the proposed amendments to the 2013/14 budget.

9.1.4 Agree the process for confirming final budgets for 2014/15 and 2015/16, consistent with the agreed MTFS up to 2015-16; Agree the process for developing the Council's response to the longer-term financial challenges facing the organisation until the end of the decade, as a result of the wider economic climate and continued Government austerity and note the initial assumptions about the potential size of the Council's budget envelope – and the potential level of savings required – up to 2020.

9.1.5 The Council's 2013/14 budget requires amendment for a number of reasons. The financial implications of the on-going legal proceedings (i.e. the High Court proceedings and now the Court of Appeal proceedings) are such that savings that were expected to be realised in 2013/14 will not be realised. This needs to be addressed. Furthermore, the profile of savings in the libraries service needs to be revised.

9.1.6 The Council has already set budget proposals for the Financial Years 2014/15 and 2015/16. However, a process of due diligence needs to be undertaken to ensure these proposals are delivered. This will be reported back to Cabinet in November as 'budget headlines' for the next two Financial Years.

9.1.7 The budget gap for the years 2014/15 and 2015/16 is £20.6m and £19.3m respectively as set out in the existing MTFS. This report sets out a further potential gap of £68.2m over the period from 2016 to 2020 based on a set of assumptions about the level of Government grant and pressure on services over that period. The Council will need to begin to consider its response to these longer-term challenges.

9.2 Strategic Context

9.2.1 The economic climate is extremely challenging. At the Spending Review in October 2010, central Government set out plans for cutting total public spending by £81bn over four years from 2011 to 2015 in order to eradicate the national budget deficit. This translated to a cut of 27% - or £72m – to the Council's budget over that period. The Government has levied further cuts on Local Government since the 2010 Spending Review. An additional 2% will be cut from Council funding in 2014-15 and last week's announcement for the 2015-16 Financial Year translates to a further cut of 10% to Local Authority budgets. Beyond 2015, it is likely that continued sluggishness in the growth of the economy will require further austerity measures until the end of the decade. The Council anticipates that the cut to its budget over the four year period from 2016 to 2020 is likely to be broadly in line with the level of cuts received over the period 2011 – 2015 (i.e. another 25% - 30% or c£70m).

9.2.2 In spite of the on-going financial challenges, the Council continues to provide high quality services to residents. The Council's Residents Perception Survey, conducted in November 2012, shows that, compared to 2010, resident satisfaction with the majority of council services has improved. Nine services – including the repair of roads and social services for adults and children - saw significant increases in satisfaction and the majority of these out-performed other outer London Boroughs. Overall resident satisfaction with the local area remains high and significantly above the national average – 88% of residents are satisfied with their local area as a place to live.

9.2.3 Overall resident satisfaction with the Council has increased by 12% since 2010. Compared to 2010, residents think the council is doing a better job, offering better value for money, is working to improve the local area, listening to concerns of local residents and responding quickly when asked for help. In addition, 91% of schools in Barnet are rated as 'good' or 'excellent' by Ofsted – the second best performance in the country - 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 In order to continue to deliver the level of service expected by residents, at the same time as prioritising resources and cutting back on waste and inefficiency, the Council needs to invest now in order to meet the challenges of the future. In Children's Services, the Council has invested £1m a year in Early Intervention since 2011/12. The Council is also setting aside funding for pressures over the coming years to fund increases in demand due as a result of an increasing population.
- 9.2.5 The Council's future regeneration programme aims to bring £6bn of private sector investment over the next 25 years to ensure that the Borough remains an attractive place to live and do business.
- 9.2.6 Residents from across the Borough will continue to share in the benefits of growth, with increasing housing development leading to an increase in the tax base and, subsequently, lower Council tax bills for residents.
- 9.2.7 During these challenging times, the Council does not want to increase the financial burden on families and individuals. This is why the Council has frozen Council Tax for five years from 2010/11 to 2014/15, representing a real terms cut of 18.5% over the five year period.

9.3 Strategic objectives and the Corporate Plan

- 9.3.1 The Corporate Plan is the overarching strategic document for the Council, setting out its strategic priorities and objectives. The latest Corporate Plan which covers the period 2013-14 to 2015-16 was published in April and has been revised to reflect the new freedoms offered by the Localism Act.
- 9.3.2 The revised Plan is more focussed, 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.
- 9.3.3 The strategic objectives set out in the Corporate Plan reflect the priorities of residents and achieving them will 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

- 9.3.4 The Corporate Plan includes the three overarching priorities:
- To create the right environment to promote responsible growth, development and success across the borough;
 - To support families and individuals that need it – promoting independence, learning and well-being; and

- To improve the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study

These top three strategic priorities are underpinned a number of priority outcomes and performance indicators against which success is monitored which together forms the Council's strategic framework. This framework is set out below

Barnet Council will work with local partners to:		
<p>1. Create the right environment to promote responsible growth, development and success across the borough.</p>	<p>2. Support families and individuals that need it – promoting independence, learning and well-being.</p>	<p>3. Improve the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study.</p>
<p><i>This means...</i></p> <ul style="list-style-type: none"> • Creating jobs and new homes in the next five years via regeneration • Increasing skills, encouraging enterprise and reducing unemployment. <p><i>Measure:</i></p> <ul style="list-style-type: none"> • Business growth and retention. 	<p><i>This means...</i></p> <ul style="list-style-type: none"> • Encouraging families and individuals to live as healthily and independently as possible, giving targeted services to those who most need it. <p><i>Measure:</i></p> <ul style="list-style-type: none"> • Managing demand for services. 	<p><i>This means...</i></p> <ul style="list-style-type: none"> • Giving excellent services to residents • Protecting the unique character of the borough and providing sustainable infrastructure to support success. <p><i>Measure of success:</i></p> <ul style="list-style-type: none"> • Resident satisfaction with the borough as a place to live work and study • Satisfaction with the Council.

We will deliver this, by focussing our efforts on these outcomes:

- 1: To maintain a well designed, attractive and accessible place, with sustainable infrastructure across the borough.
- 2: To maintain the right environment for a strong and diverse local economy.
- 3: To create better life chances for children and young people across the borough.
- 4: To sustain a strong partnership with the local NHS, so that families and individuals can maintain and improve their physical and mental health.
- 5: To promote a healthy, active, independent and informed over 55 population in the borough so that Barnet is a place that encourages and supports residents to age well.
- 6: To promote family and community well-being and encourage engaged, cohesive and safe communities.

9.4 Current year budgetary considerations

9.4.1 The 2013/14 budget was agreed by full Council on 2 March 2013. Since then, a Judicial Review has taken place in relation to then the NSCSO and DRS contracts, with the Court finding in the Council's favour. However, an appeal against this decision is still in process and is due to be heard during the middle of July 2013.

9.4.2 As a result of this legal process, the Council has not been able to enter into the NSCSO or DRS contracts as planned. There are two main financial issues that arise from this:

- a) The savings in the MTFs for these contracts has not been realised; and
- b) The Council has incurred additional legal and project costs associated with the Judicial Review, the prolonged mobilisation process, and as a result of interim management arrangements for these services.

9.4.3 A report will be produced for Cabinet in September detailing the costs and where it will be funded from once the outcome of the appeal is known.

9.4.4 Savings in respect of libraries services were included in the MTFs that was agreed in March 2013 by full Council. The profile of these savings is not achievable, and it is recommended that these are re-profiled as follows:

	2013/14 £'000	2014/15 £'000	2015/16 £'000
Current profile	798	85	119
Revised profile	550	0	452

9.4.5 The cost associated with this revised profile will be funded from the risk reserve in 2013/14 and 2014/15, and repaid in 2015/16.

9.4.6 It is necessary to fund the costs of a programme of works associated with environmental improvements. This programme is budgeted at £2.5m for 2013/14 and it is recommended that this is funded from the service development reserve.

9.5 Budget setting process for 2014/15 and 2015/16

9.5.1 The MTFs agreed by Council in March 2013 covered the three Financial Years from 2013-14 to 2015-16. The total savings from each delivery unit are set out below:

Delivery Unit	2013/14 'm	2014/15 'm	2015/16 'm
Adults and Communities	4.011	8.877	8.424
Assurance	0.109	0.04	
Children's Service	5.338	5.775	5.474
Commissioning	(0.071)	0.7	0.8
Development and Regulatory Services	1.755	1.355	0.3
Housing Needs and Resources	0.061	0.055	0.3
Legal	0.08	0.15	0.2
New Support and Customer Service Organisation	1.908	2.393	2.0
Street Scene (including parking)	1.301	1.292	1.851
Total	14.492	20.637	19.349

9.5.2 It is recommended that Cabinet instruct Cabinet members and Delivery Unit directors to conduct a due diligence review of these proposals to ensure that they are on track. Where this is the case, they should be re-affirmed, where this is not the case, alternative proposals should be developed to ensure that the overall savings totals remain the same.

9.5.3 These updated proposals for 2014/15 and 2015/16 will be brought back to Cabinet for approval in November 2013 as 'budget headlines', ahead of the final budget for 2014/15 being agreed at Cabinet and Council in February 2014.

9.6 Medium Term Financial Strategy update

9.6.1 The Government has made it clear that the period of austerity in the UK will continue for some time. As such, Local Government is likely to face cuts in funding over the remainder of the decade. This section of the report updates Cabinet on the MTFs assumptions for the period from 2014-16 (which were included in the budget approved by Council in March) and sets out some assumption for what the Council's budget envelope might look like over the

period beyond 2015, from 2016 to 2020, in order that the Council can begin to plan over the longer term.

9.6.2 This potential budget gap that the Council faces from 2014 through to 2020 includes assumptions about levels of expected Government grant, future levels of business rates and changes to the Council Tax base, along with a range of other assumptions about pay and non-pay inflation, future levies and other risks. It is important to reiterate that, as this involved making assumptions about the level of Council funding 7 years into the future, the budget envelope up to 2020 will continue to evolve and develop over time. The important thing, however, is to be clear about the degree of challenge facing the Council over the next decade or so, in order to begin planning for how these challenges can be mitigated.

Growth and demand management

9.6.3 Modelling has been undertaken to understand the potential impact of growing demand on the Council's budget resulting from demographic change and taking into account a range of factors including population increase, inflation and likely legislative changes. An allowance has been included within the budget envelope for demographic growth in line with population projections.

9.6.4 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 for the Council following reforms to local government funding.

Potential budget envelope from 2014 through to 2020

9.6.5 The budget envelope from 2014 through to 2020 is set out in detail at Appendix A. This highlights the budget gap, as already included in the MTFS of £20.6m and £19.3m for 2014/15 and 2015/16 respectively, and a further potential gap of £68.2m for the period from 2016 to 2020.

9.6.6 The assumptions within the budget envelope are as follows:

- **Inflation (pay):** in line with the LG pay award for 2012/13, a 1% increase in pay is assumed for future years;
- **Inflation (non-pay):** Figures from the Office for Budget Responsibility (OBR) for inflation have been used to estimate the increase in non-pay costs;
- **North London Waste Authority levy:** figures for the NLWA levy are based on published figures for the period from 2014-16 and projected levy increases based on the waste disposal procurement exercise for the period from 2016-20;
- **Capital financing costs:** the current provision of capital financing costs is currently set in excess of actual spend until 2016 due to recent capital slippage, and a provision has been added beyond that point;

- **Contingency:** from 2016/17 a conservative estimate of £500k has been included in contingency;
- **Council tax support:** Over the next 2 years there are significant changes expected due to welfare reforms. Provision has been set aside in 2014/15 and 2015/16 for potential increases in these costs related to Council Tax increases or increases in take up;
- **Concessionary fares:** increases have been projected in line with demographic changes of 60+ in Barnet.
- **Public Health** allocations have been assumed to increase in line with GDP, the increase in expenditure shown here nets off against the amount earmarked for the service itself, so has a neutral effect on the MTFs;
- Future allocations of **New Homes Bonus** are projected in line with known developments in the borough, and is currently transferred to balances to build up the infrastructure reserve, so has a neutral effect on the MTFs;
- **Business rates:** there has been no growth assumed in business rates. An increase in yield has been estimated in line with inflation;
- **Business rates top up grant:** the business rates top up grant is assumed to increase in line with inflation;
- **Revenue Support Grant:** the assumption for the reduction in RSG is such that the reduction in the total quantum of retained business rates and RSG is approximately 10% per annum;
- **Council Tax:** a 2% increase has currently been factored into the MTFs in line with the current capping expectations from central government. The Council tax baseline takes into account current developments and regeneration schemes where developers are in place. It does not take into account schemes that are proposed, but where developers are not yet in place;
- **LACSEG and Council Tax & Housing benefit administration grants** have been assumed to reduce by 10% in line with previous reductions of specific grants; and
- The **PFI credit** is fixed and no change has been factored in.

9.6.7 Cabinet are asked to note the assumptions set out above.

Process for developing the Council's response

9.6.8 Given the continuing national and international economic challenges, coupled with local pressures around demand for services, the challenge for the Council in continuing to provide excellent services within an increasingly constrained budget is significant.

9.6.9 Forward planning to identify opportunities for improving efficiency, and growing the local tax base in particular, will minimise the need for future cuts in service provision.

9.6.10 The Council will begin a process to consider how it will meet the challenges of further austerity coupled with increasing demand in order to live within the forecast budget envelope set out here. This process will be built around three strands:

Strand 1:	Be More Efficient: Deliver the same / better outcomes for less, with measures focused on procurement, workforce productivity, better use of assets, and improvements to information technology and customer services.
Strand 2:	Growth interventions: Measures to increase income through business rates and the Council Tax base
Strand 3:	Service transformation & commissioning: Proposals to reduce the cost of delivering services through service transformation programmes.

9.6.11 Despite delivering significant efficiencies over recent years (88% of the savings agreed by Council in the 2013-16 budget in March 2013 were efficiency savings), it is important that the Council continues to make every effort to drive efficiency. Recent announcements by government ministers have set a clear expectation that future local government cuts should be driven primarily from efficiency measures. This process ensures that Barnet Council continues to plan ahead and identify those opportunities.

9.6.12 This process also puts opportunities for future growth at its core. Reforms to local government finance means that Councils now benefit from growth in business rates and increases in the Council Tax base. It is therefore important for the Council to consider interventions that can that will lead to increases in these income streams in the medium to longer term.

9.6.13 Service transformation and commissioning is also an important part of this process. There are examples across local government of Councils radically changing the way they meet residents' needs and this process will ensure that these opportunities are identified.

9.6.14 It is recommended that Cabinet approve a process of considering medium to longer term options which will be developed over the latter part of 2013 and early part of 2014, and reported back through Cabinet in the summer of 2014.

10 List of background papers

10.1 None.