	Policy and Resources Committee **13 February 2018**
Title	**Business Planning 2018-2020**
Report of	Councillor Richard Cornelius
Wards	All
Status	Public
Urgent	No
Key	Yes
Enclosures	Appendix A – Medium Term Financial Strategy Appendix B – Council Tax Resolutions Appendix C1 – Detailed Revenue Budgets, Savings, Pressures and Council Tax Schedules Appendix C2 – Theme Committee Revenue Budgets, Savings and Pressures Appendix D – Capital Funding Changes Appendix E1 – Theme Committee Capital programme Appendix E2 – Capital Programme by Delivery Unit Appendix F – Housing Revenue Account Appendix G – Fees and Charges Appendix H – Consultation report Appendix I – Corporate Equalities Impact Analysis (CEIA) Appendix J – Treasury Management Strategy Appendix K – Reserves and Balances Policy Appendix L – Debt Management Policy Appendix M – Corporate Risk Register Appendix N – Corporate Plan Addendum
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Summary

On 19th of December 2017, Department for Communities and Local Government (DCLG) published the provisional local government finance settlement which set out the individual authority grant allocations. Consultation around the budget proposals ran from 6th of December 2017 to the 14th of January 2018 and the results of that are analysed. This report revises the Medium Term Financial Strategy (MTFS) in line with the DCLG publication and consultation results.

The report sets out the savings proposals and capital programme for the period 2018-20 and Council Tax for 2018/19.

Recommendations

The report recommends that the Committee:

1 Consider the issues that have emerged from the consultation when making their decisions. The committee make the decisions below also being mindful of the equalities impact assessments including the cumulative equalities impact assessments;

2 Recommend to Council for approval the MTFS attached as Appendix A and the detailed revenue budgets in Appendices C1 and C2. The MTFS sets out all of the budget changes over the period 2017-20, 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;

3 Recommend to Council that the budget for 2018/19 is prepared on the basis of no increase to general council tax in 2018/19, other than for the increase set out below on recommendation 4;

4 Recommend to Council the applying of a social care precept at 3% in 2018/19 – to help fund care for vulnerable adults and the elderly;

5 Recommend to Council the resolutions relating to Council Tax contained within Appendix B – Council Tax Resolutions;

6 Recommend to Council, on the advice of the Chief Finance Officer, that it determines that the council's basic amount of Council Tax for 2018/19 as set out in Council Tax resolution (Appendix B) 2(iv) is not excessive in accordance with the principles approved under section 52ZB and 52ZC of the Local Government Finance Act 1992, set out in the Referendums relating to Council Tax increases (Principles)(England) Report 2018/19. Subject to any change to the Report (at the time of publication this report was draft);

7 Recommend to Council for approval the Barnet Council Tax Support Scheme, adopted in January 2015, remain unchanged except for uprating in line with Department for Work and Pension changes for housing benefit (see 1.7.12 below);

8	**Notes that the working age non-dependent (ND) charges be uprated as set out in paragraph 1.7.13;**
9	**Recommend to Council that in accordance with Section 38(2) of the Local Government Finance Act 1992 the Chief Executive be instructed to place a notice in the local press of the amounts set under recommendation 5 above within a period of 21 days following the Council's decision;**
10	**Recommend to Council for approval the capital programme as set out in Appendix E1 and E2, and that the Chief Officers be authorised to take all necessary actions for implementation;**
11	**Approve the addition to the capital programme in relation to the Barnet Trees Policy (as per paragraph 1.8.16);**
12	**Approve the addition to the capital programme in relation to the Gaelic Playing pitch relocation (as per paragraph 1.8.20);**
13	**Approve the addition to the capital programme in relation to the Tranche 3 Affordable Homes Programme (as per paragraph 1.8.25);**
14	**Approve the addition to the capital programme in relation to the Housing Acquisition Programme (as per paragraph 1.8.29);**
15	**Approve the use of institutional investment funds of up to £50m to support the Housing Acquisition Programme (as per paragraph 1.8.29);**
16	**Approves the changes to the existing Capital Programme as set out in section 1.8 and appendix D;**
17	**Recommend to Council that the Chief Finance Officer be authorised to adjust capital project budgets and financing in 2018/19 throughout the capital programme after the 2017/18 accounts are closed and the amount of slippage and budget carry forward required are known;**
18	**Recommend to Council the approval of the Treasury Management Strategy for 2018/19 as set out in Appendix J;**
19	**Recommend to Council the approval of the following in relation to the Housing Revenue Account:** **a) The proposed rent decrease by 1% for council dwellings as set out in paragraph 1.10.3 to take effect from 1 April 2018;** **b) The proposed increase to service charges for council dwellings as set out in paragraph 1.10.9 to take effect from 1 April 2018; and,** **c) The proposed rent increase of 3.1% for council garages as set out in paragraph 1.10.9 to take effect from 1 April 2018.**
20	**Recommend to Council the approval of the draft Schools Budget of £327.313m as per paragraph 1.6.8;**
21	**Note the draft Post-16 budget of £5.417m as per paragraph 1.6.8;**

22 **Recommend to Council that any changes to the Schools Budget reasonably required as a result of the final 2018/19 DSG and Post-16 settlement are delegated for decision to the Strategic Director - Children & Young People in consultation with the Director of Finance;**

23 **Note the Adults, Children's and Environment fees and charges that were approved at their relevant Theme Committee as detailed in Appendix G;**

24 **Note the summary equality impact assessment (EIA) and cumulative assessment set out in section 5.6. Appendix I provides the cumulative impact and individual Delivery Unit assessments where significant changes to service delivery are proposed;**

25 **Recommend to Council approval of the reserves and balances policy as set out in Appendix K and indicative amounts as set out in para 1.12 and the Chief Finance Officer's assessment of adequacy of reserves in section 1.12. The Committee recommend to Council that the CFO authorised to adjust balances in 2018/19 after 2017/18 accounts are closed and the amount of balances carry forward required are known;**

26 **Approve the changes to the underlying financial strategy of the Council as set out in paragraph 1.4.20;**

27 **Approve budget movements as set out in paragraph 1.15;**

28 **Recommend to Council to approve the write offs as detailed in paragraph 1.16;**

29 **Note the corporate risk register and recommend it to Council as set out in Appendix M;**

30 **Recommend to Council for approval the Corporate Plan – 2018/19 addendum attached as Appendix N; and**

31 **Approve the establishment of a Collection Fund Smoothing Reserve as set out in paragraph 1.12.10.**

1. WHY THIS REPORT IS NEEDED

1.1. Executive Summary

1.1.1 Business planning and strategic management enable the council to plan its future direction on the basis of the best strategic fit between the resources available to meet stakeholder needs and expectations and the environmental conditions which prevail. This report sets out how the council intends to do this and the assumptions it has made.

1.1.2 2018/19 and 2019/20 reflect the final two years of the five year MTFS cycle. As anticipated at the start of that plan, it has become more and more difficult to balance increasing demands with reducing resources. This has been evidenced during this business planning cycle, with several theme committees reporting difficulties in achieving savings targets to Policy and Resources committee.

1.1.3 In March 2017, the Council agreed plans to achieve reductions of £79.2m for the period 2017 to 2020. This included savings of £53.8m and a commitment to support the budget to 2020 of £25.4m from reserves.

1.1.4 Policy and Resources committee received a report in December 2017, which revised the MTFS and identified that Theme Committees had confirmed savings of £28.5m, use of reserves of £17.7m (up to 2020), leaving a gap of £6.7m, of which £3.2m would fall in 2018/19.

1.1.5 This report sets out the savings proposals, revised by Theme Committees, in line with commissioning priorities, to close this budget gap. It also sets out consultation responses, equality impact assessments and capital investment proposals that are required to ensure Barnet is able to support the growth needed.

1.1.6 The proposed MTFS at Appendix A displays a balanced position for 2018/19 however a £5.9m gap is still currently anticipated for 2019/20. Work to resolve this gap is ongoing and options will be presented to Policy and Resources committee meetings to recommend to Full Council in due course.

1.1.7 The Council is able to propose a balanced position primarily as a result of additional income through the New Homes Bonus and a review of its capital programme including reprofiling and the removal of schemes no longer planned to go ahead.

1.1.8 The Council's reserves are expected to reduce to £67m by the end of 2017/18 and £28m by the end of the current MTFS period.

1.2. Strategic Context

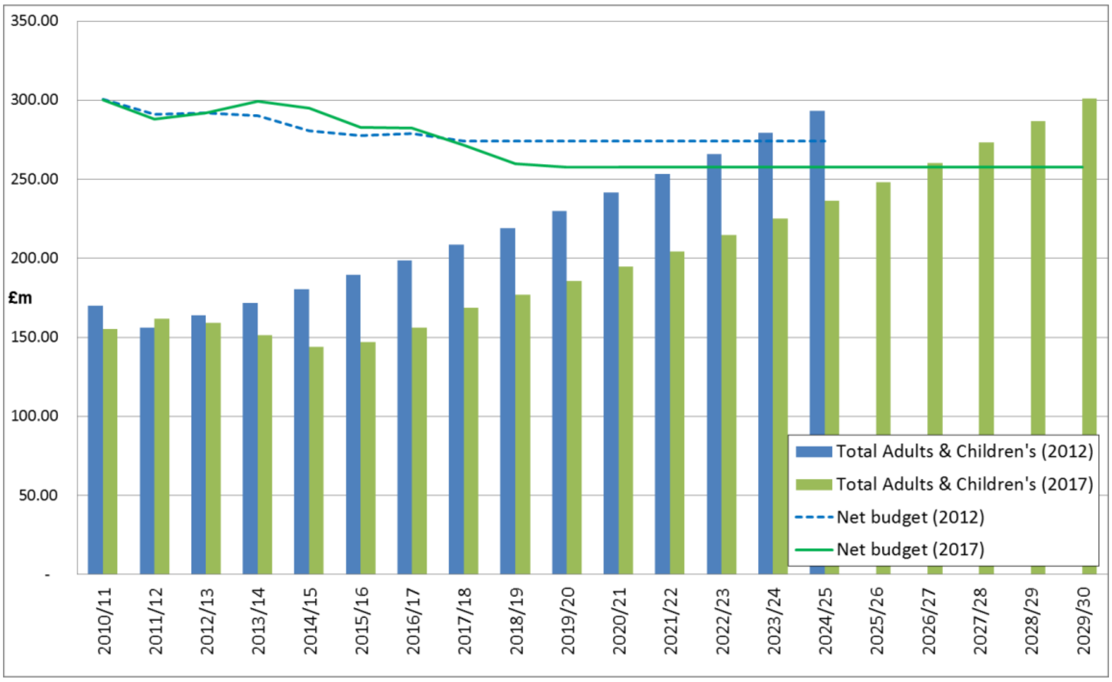
1.2.1 Reduced funding from central government coupled with an increase in demographic pressures has meant that the past seven years have been a period of significant challenge for local government. Barnet has always sought to be ahead of the curve in terms of financial planning; by adopting a long-term 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, although Government funding settlements for the Council are unknown, we will still need to continue to look ahead and consider how to deliver services differently as pressures on our budget continue.

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 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 continues 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 have 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. Our top priority across the council is the Children's Services Improvement Plan, following our Ofsted inspection where services were deemed inadequate. This is a whole council priority and all of our Theme Committees are fully committed to the delivery of the Children's Services Improvement Plan.

Adults and Safeguarding

1.2.10 **Implementing strength-based best practice:** our strength-based approach to social care focuses on the adult's life as a whole, and includes social factors such as friends, family, employment, interests and hobbies. This offers our residents more control over the way they live their lives, with increased resilience and independence. Our strength-based practice programme has been identified as a model of good practice by the national association of directors of adult social services (ADASS) and in the national social work awards. We are continuing to enhance and embed our use of strength-based practice across frontline teams and are developing a programme that will bring our strength-based practice approach to a wider local audience including providers, health partners and our voluntary and community sector partners. As part of this priority, we are working to expand the care and support options available to residents; building new extra care homes, offering more technology services, increasing employment support, increasing supported living and nursing care, and becoming a dementia-friendly borough.

1.2.11 **Integrating local health and social care**: we are working with Barnet NHS Clinical Commissioning Group to implement Care Closer to Home, a programme of work that will deliver more care and treatment in local community settings. The first local Care Closer to Home network will go live in Burnt Oak in February 2018. Over the next year we will also be enhancing health care support to care homes to avoid unnecessary hospital admissions and support people in the last phase of life. We are implementing the 'Red Bag' Initiative which ensures an agreed set of key documents, personal items and medication accompanies people from care homes to and from hospital in a clearly identifiable red bag to facilitate smooth hospital admission and discharge. We will also focus on increasing the uptake of screening. A programme of work is underway to increase the number of Annual Health Checks completed by GPs. We will also continue to work on the transforming care programme, preventing hospital admissions for people with learning disabilities and complex needs.

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.

Assets, Regeneration and Growth

1.2.13 **Regenerating Brent Cross Cricklewood:** this is the council's most substantial growth and regeneration programme. It will transform the area into a new and thriving urban centre and will create 7,500 new homes and up to 27,000 new jobs. There are three essential components:

- Brent Cross London – the redevelopment and modernisation of Brent Cross shopping centre and the delivery of critical infrastructure on the north of the A406, which is being led by Hammerson and Standard Life Investments
- Brent Cross South – the council has appointed Argent Related as its joint venture partner to deliver the development to the south of the A406, which includes the creation of the new town centre
- Thameslink station – led by the council, this includes the building of the new Brent Cross West Thameslink station and new waste and rail freight facilities.

1.2.14 **Increasing the housing supply, including Colindale:** increasing the supply of housing in the borough is a key priority of the council. As part of the Colindale regeneration over 10,000 new homes will be delivered, and the council is also building new homes on its own surplus sites in partnership with the Barnet Group.

1.2.15 **Helping people into work:** the Barnet approach sees joint working across Barnet Homes, JobCentre Plus, Cambridge Education, young people's support, and the local providers. Alongside this, we will develop new programmes to reduce levels of NEET (Not in Education, Employment or Training) care leavers to ensure they have access to employment and training opportunities to achieve the best outcomes and prevent drift and delay. We have active employment schemes available on our regenerations sites to help priority cohorts such as care leavers and those claiming Universal Credit find work.

Children, Education, Libraries and Safeguarding

1.2.16 **Children's Services Improvement Plan:** we are working with our improvement partners (Essex County Council) to develop a robust Improvement Action Plan. Improving outcomes for vulnerable children is a priority across the council and our partners, 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.

1.2.17 **Delivering the family-friendly Barnet vision:** our key priority is to put children and families at the heart of everything we do and focus on building resilient families and children through our resilience-based practice model. In Education, we want great schools and early years provision for our children. We have started a three-year partnership with UNICEF and will utilise tools, expertise, and resources to be recognised as a Children Friendly Community and support all children to be happy, safe, and resilient. We will further develop our work to involve young people in decision making through working with partners across the borough to make Barnet the most family friendly borough in London by 2020. As part of the 'resilient families: resilient children' vision, we have strengthened our approach to children with special education needs and disability, and commissioned a range of services which aim to foster resilience and independence within young people with complex needs.

Community Leadership

1.2.18 **Safer communities:** through the Barnet Safer Communities Partnership (BSCP), Barnet Council works together with the police, probation services, fire service, public health, and other partner agencies to address crime and anti-social behaviour (ASB) issues in Barnet. The aim of the BSCP is that everyone who lives, works, studies in, or visits Barnet will feel safe and be safe. Barnet is one of London's safest boroughs with a low crime rate. In order to ensure that we continue to address crime and ASB that affects people in Barnet, we are focused on working with residents and businesses to tackle ASB which affects their area (including littering, fly-tipping and illegal encampments); supporting victims of Domestic Violence and Hate Crime so people are confident in reporting incidents and the BSCP intervenes to prevent repeat victimisation; reducing Serious Youth Violence including violence linked to gang activity; and reducing the re-offending and the crime rate in Barnet (and in particular to reduce residential burglary).

1.2.19 **Tackling issues with domestic violence, mental health, and substance misuse:** the Safer Communities Partnership Board has signed off a new Barnet Violence against Women and Girls (VAWG) Strategy. This emphasises the importance of work to engage with those victims of domestic abuse facing additional barriers that might prevent them from seeking help, including those with complex multiple needs such as mental health and substance misuse. The Community Safety Hub, a co-located space with officers from Community Safety, police, as well as a range of other teams and partnership agencies, has been being implemented to meet the council and partnership demand to manage complex problem-solving cases.

Environment

1.2.20 **Modernising our environmental services:** changes to the Street Scene Cleansing Model will introduce new mechanical technologies into the service that are aimed at improving service quality and efficiencies. The service will also implement a new flexible management model which enables operational management to work across both the Recycling and Waste and Street Cleansing services. This will allow greater synergies across the service. We are reviewing our current fleet and the opportunity to make efficiencies through optimum use of vehicles and the use of an electric fleet where possible.

1.2.21 **Delivering highways improvements**: The Council will continue to invest in the Network Recovery Plan for our roads and pavements (£50million over five years), and additional capital investment in road patching and potholes, as well as investing in Transport for London (TfL) Local Implementation Plan projects to improve safety, parking, and local transport. The Council are also shaping its enforcement approach on 'polluters pay' principle and clamping down on fly tipping and littering.

Housing

1.2.22 **Building compliance and fire safety:** keeping residents safe is a top priority for the council. This means ensuring that our buildings always comply with safety standards, and meet best practice where reasonable. The tragic fire at Grenfell Tower in June 2017 focused attention on fire safety in particular, but we must also pay attention to electrical and gas safety, water, asbestos, and other potential hazards.

Policy & Resources

1.2.23 **Implementing 'The Way We Work' programme** to empower staff to choose when, where and how they work in order to deliver the best possible services and outcomes for our residents and customers. This includes a move out of our offices in NLBP and Barnet House to a new, purpose built office in Colindale and a number of hubs and touchdown points across the borough. Through the programme we are modernising and consolidating our office space whilst also having the opportunity to contribute to the regeneration of the Colindale area. The Way We Work programme is an important step in our organisational development to becoming a high performing, agile, learning organisation with a highly engaged workforce who deliver positive outcomes for residents and customers in Barnet.

1.2.24 **Continuing to improve Customer Services** by developing a customer-focused culture, where customers get a consistently high quality experience, and where we transform the number and quality of digital self-service options so that customers don't have to wait in a queue to get the information and service they need, but can go online 24/7. Our Customer Transformation Programme has been developed to deliver the vision that by 2020 customer access will be simplified, and primarily 'digital by default', offering efficient resolution and services that are joined-up across the council, partner agencies, and the community sector. We are redesigning our website to be much easier to use, and launching a more modern 'My Account' facility that will offer a wider range of service request options and extra features such as automated emails to give customers updates about the services they have requested. We are also delivering a digital inclusion programme to make sure customers without digital skills or access have the opportunity to acquire them, and that customers who cannot go online can still access the specialist support they need.

1.2.25 **Medium and long term strategic planning:** our current Corporate Plan and Medium Term Financial Strategy run to 2020 and it is important for us to continue to plan for and focus on the continued funding and demographic challenges beyond that period, as well as the potential opportunities from new technology. It is important to reset our thinking through to 2025 and beyond.

1.2.26 **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 Barnet to all new claimants of Universal Credit Full Service is now expected to be implemented from May 2018.

1.2.27 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.

Autumn Budget and Local Government Settlement 2017

1.2.28 Two major financial policy announcements took place towards the end of 2017. On the 22 November the Chancellor of the Exchequer announced the Autumn Budget 2017. This was the first Budget since the move to the autumn, with a Spring Statement introduced from 2018. In mid-December the Government also announced the Local Government Finance Settlement.

1.2.29 The key headlines within the Autumn Budget 2017 for London and Local Government are as below:

- London business rates retention pilot – The government has agreed the pilot of 100% business rates retention in London in 2018/19, forming a pool and investing revenue growth strategically on a pan-London basis.
- The lifting of Housing Revenue Account borrowing limits. Local authorities will be invited to bid for increases in their caps from 2019/20, up to a total of £1 billion nationally by the end of 2021-22. This was welcomed, particularly the case given the cost of remediation works following the fire at Grenfell Tower and the impact this will have on other works that require HRA resources.
- £2.8bn of funding announced towards improving A&E performance.
- The Government will legislate to allow local authorities to charge a 100% council tax premium on empty properties (Barnet currently charges 50% after two years).
- Business Rates will rise by CPI from April 2018. Business rates currently rise by the Retail Price Index (RPI), a different way of measuring inflation which tends to be higher than the CPI. Barnet will be compensated for the reduced level of income following the change.
- Local infrastructure rate – The government will lend local authorities up to £1 billion at a new discounted interest rate of gilts + 60 basis points accessible for three years to support infrastructure projects that are high value for money.

1.2.30 The provisional 2018/19 Local Government Finance Settlement was announced on the 19th of December 2017. The Settlement outlines provisional Settlement Funding Assessment allocations for local authorities for 2018/19 and illustrative allocations for 2019/20 (which will be the final year of the current "four-year offer" period). The key announcements within the provisional Settlement were as follows:

- The Council Tax referendum threshold will increase by 1% to 3% in 2018/19 and 2019/20.
- Settlement Funding Assessment for London Boroughs will fall by 5.8% in 2018/19 (5.4% Nationally).
- 11 new business rates pooling pilots have been confirmed for 2018/19 (including the London pilot pool) as well as the 5 existing pilots continuing – with a commitment to further pilots in 2019/20.
- Plans to move to 75% business rates retention in 2020-21 across local government were announced.
- A further consultation has been published on the Fair Funding Review, and government confirmed its intention to implement new funding baselines in 2020-21.
- £19 million was announced for UASC nationally with Barnet receiving £0.231m.

London Business Rates Pooling

1.2.31 In the 2017 Autumn Budget, the Government indicated support for developing a 100% business rate retention pilot pool in London for 2018/19. Following work to establish the governance arrangements by London Councils, the application for a London wide Business Rates pool has been accepted by central government.

1.2.32 The Government has now issued its “designation order”, establishing the London pilot pool from the 1st of April 2018 and this was reflected in the Provisional Local Government Finance Settlement in December 2018.

1.2.33 On the 12th of December 2017, the Council resolved to:

- 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, the City of London Corporation, for the duration of the pilot);
- To agree the Memorandum of Understanding between London authorities for the operation of the pilot pool; and,
- Delegate authority to the Deputy Chief Executive to take decisions in relation to the Strategic Investment Pot

1.2.34 The deadline for any authority to opt out of the Pool prior to its inception was the 16th of January 2018 and no authority has done so.

1.2.35 Final confirmation is awaited that each authority has taken the relevant decisions, through their own constitutional decision-making arrangements.

1.2.36 **Pool principles:** the pool is voluntary, but includes all London authorities; London retains a greater share of business rates in exchange for Revenue Support Grant; a “no detriment guarantee” ensures that the pool cannot be worse off than the participating authorities would have been collectively if they had not entered the pilot pool; no “new burdens” will be transferred to London and participation in the pilot will not affect the development or implementation of the Fair Funding review (currently anticipated in 2020/21).

1.2.37 **Distribution:** All authorities will 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)

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

1.2.39 **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

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

1.2.41 **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

1.2.42 Following the successful establishment of the governance arrangements for the pool, work has now begun on setting up the financial administration arrangements, led by the City of London Corporation and the GLA.

1.2.43 The payment schedule arrangements will be confirmed in mid-February 2018. The Council has assumed £3m additional income in 2018/19 in relation to the pilot.

UK economy to 2020

1.2.44 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.

1.2.45 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.

1.2.46 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

1.2.47 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.

1.2.48 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.

1.3 Service specific national, regional and local context

Children's Social Care

Improvement Plan

1.3.1 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.

1.3.2 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.

1.3.3 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

1.3.4 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). Only a limited number of provisions currently in force, including 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 known when the other provisions will come into force.

1.3.5 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

1.3.6 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.

1.3.7 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

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

1.3.9 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

1.3.10 It is estimated that the budget gap for the social care in the UK to 2020 is £5.8billion. 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.

1.3.11 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.

1.3.12 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.

1.3.13 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.

1.3.14 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

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

- The lifting of Housing Revenue Account borrowing 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.

- It is anticipated that 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.

1.3.16 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

1.3.17 The Homelessness Reduction Act 2017 has received royal ascent and is expected to come into force 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)

1.3.18 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.

1.3.19 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 (NHPP). 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.

1.3.20 Current modelling of the financial impact suggests that the increase in levy could be as much as £6.5m per year by 2025. Within the current MTFS period, an additional £3.1m has been included as a pressure to be funded.

1.4 Medium Term Financial Strategy

1.4.1 The Medium Term Financial Strategy (MTFS) is the Council's major financial planning document. It puts the financial perspective on the council's Corporate Plan priorities, expressing the aims and objectives of various plans and strategies in financial terms up to March 2021. It is a key element of sound corporate governance and robust financial management.

1.4.2 The MTFS to 2021, 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.

1.4.3 The MTFS displays a balanced position for 2018/19 however a £5.9m gap is still currently anticipated for 2019/20. Work to resolve this gap is ongoing and options will be presented to Policy and Resources Committee meetings to recommend to Full Council in due course. The 2018/19 balanced position is achieved by:

- An increase in Government funding through the New Homes Bonus of £1.1m which has been applied to the revenue budget
- The redirection of existing New Homes Bonus from investment in infrastructure within the capital programme to supporting services within the revenue budget of £1.2m

- A thorough review of projects within the capital programme including the reprofiling or deletion of schemes where appropriate, resulting in a reduction in the capital financing requirement
- Recognising £3m of additional non-recurrent funding from the London-wide Business Rates Pool
- Anticipated achievement of £11.287m worth of budget savings (discussed further in section 1.5)
- Existing planned use of £7.745m of reserves.

1.4.4 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.

1.4.5 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 updated mid-December 2017;
- **Capital financing costs:** this relates to the Council's estimates of the revenue costs of its Capital Programme

1.4.6 The assumptions relating to income within the MTFS are as follows:

- **Business rates:** £3m of non-recurrent funding has been recognised as a result of the London-wide Business Rates Pooling;
- **Revenue Support Grant (RSG):** This reflects the multi-year funding settlement to 2020. As part of the deal for the London-wide Business Rates pool, the Council's RSG allocation for 18/19 will be paid within the Business Rates amount. As this could be a one year pilot, the Council assumes it will receive its 2019/20 RSG allocation as usual.;
- **Council Tax:** No general increase is included within the MTFS for 2018/19. An increase of 2.99% is factored in to the MTFS for 2019/20.;
- **Social Care Precept element of council tax:** the council has the flexibility of raising a maximum of 6% between 2017/18 and 2019/20 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 supports the council to continue to meet the increasing demand in adult social care.

1.4.7 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).

1.4.8 Mid to Long-Term Pressures (post 2020)

- North London Waste Authority (NLWA): funding of future of residual waste management arrangements is likely to incur additional annual costs in the region of £6m by 2025. This is discussed in greater detail in paragraphs 1.3.18 to 1.3.20.
- It is forecast that the Council will receive no Revenue Support Grant after 2019/20 given the trajectory of reduction. The 2019/20 RSG amount is expected to be £6.1m, down from £77m in 2013/14.
- A high-level assessment of the likely pressures and funding for 2020/21 indicates an indicative budget gap of £31.3m.

Local Government Finance - Post 2020

1.4.9 It is difficult to forecast beyond 2019/20 when the current 4-year Settlement ends due to a lack of clarity provided from Central Government. The Local Government Finance Bill was drafted and was making progress through Parliament prior to the 2017 General Election. This progress was halted when the new Parliament was established.

1.4.10 The Government is currently working on three key projects which will have an as yet, unknown impact on the Council's funding and budgets. They are discussed below.

Business Rates

1.4.11 With regard to Business Rates retention, the Government has already indicated it will look to move the retention level for all local government to 75% by 2020. It is expected that moving to 100% retention would require primary legislation which may be difficult to achieve in the short term given the current legislative workload. The London 100% retention pool is only a pilot.

1.4.12 Work within Central Government is continuing to plan for a business rates reset and new baselines while learning from pilots and to look at what can be done immediately and in the longer term in terms of retention levels.

1.4.13 There is a government working group tasked with looking at this. CLG have proposed that they initially focuss on elements of the system which can be modified using secondary legislation and so are suitable for a short term reform package. Once this work is completed it could consider longer term options for reform through primary legislation.

1.4.14 A significant amount of work is required in this area in order for changes to be implemented by 2020. The London-wide business rates pool reduces this risk, however given that that pool is a pilot, the Council has an interest in the retention work being completed.

1.4.15 In addition to retention, there is an expected business rates reset in 2020/21. There are a number of unknowns about how this will work, including understanding how it will be determined (ie. What data will be used and from which years), what will the period be between resets and how does that effect the incentivisation for investing in growth, who will be the winners and losers and also a consideration of the link to the revaluation due in 2022/23.

Fair Funding Review

1.4.16 The Government is also working on a Fair Funding Review which will focus on the relative needs of an organisation, the relative resources and any transitional arrangements which may be required as a result. The outcome of the review is expected to:

- Set new baseline funding allocations
- Examine relative resources
- Initial focus on services currently funded through finance settlement
- Technical papers including careful consideration of transitional arrangements

1.4.17 The Government issued a Call for Evidence in July 2016 which was followed on the 19th December with a 12 week consultation period, closing 12 March 2018. At the moment there is no further information on the likely timescale for any implementation.

Brexit

1.4.18 The Department for Exiting the European Union was established to lead on the negotiations for the UK to withdraw from the EU. In March 2017, the “European Union (Notification of Withdrawal) Bill” became an Act of Parliament and enabled the Government to invoke Article 50 of the Treaty of the European Union and begin the formal negotiations to withdraw.

1.4.19 It is presently unknown what the impact post 2020 will be whilst those negotiations are ongoing, however the Council will continue to monitor the situation and seek to understand the medium and long term implications.

Underlying Financial Strategy

1.4.20 This MTFS has been prepared based on the existing underlying financial strategy of utilising the Council's reserve balances in order to avoid increasing Council Tax for residents. As the term of this strategy is drawing to a close it is necessary for the Council to review its approach and if necessary articulate a revised underlying strategy for the period ahead. The recommended approach from the section 151 officer is as follows:

- within the medium term, balance recurrent expenditure with estimated income in order that the Council has a sustainable financial position;
- quickly address ongoing financial pressures with a permanent solution, reducing the instances where one off solutions are used;
- maintain an appropriate level of reserves to protect the Council against future budgetary impacts and the continuing financial pressures which the Council faces;
- plan over a medium term of at least 3 years in order that the Council is fully informed as to future scenarios and can prepare appropriate action; and
- risk manage its budget estimates to ensure that they are robust and, to ensure that the budgets agreed are managed and delivered in year as required

1.4.21 The committee are asked at recommendation 23 to endorse this strategy.

1.5 Savings proposals

1.5.1 The proposed budget for 2018/19 reflects a budget gap of £11.287m, with savings proposals to reach a balanced position. These savings are set out in detail in Appendix C1 and C2.

	2018/19 £000
Budget Gap before savings and pressures	11,287
Proposed Savings	(11,287)
Budget Gap after savings	**0**

1.5.2 The 2018/19 savings targets by Theme Committee are as below:

Theme Committee	**2018/19 £000**
Adults & Safeguarding	**2,980**
Assets, Regeneration & Growth	**2,355**
Children, Education, Libraries & Safeguarding	**2,692**

Theme Committee	2018/19 £000
Environment	**1,915**
Policy & Resources	**1,345**
Total	**11,287**

1.5.3 The combined Theme Committee savings targets from 2018 through to 2020 are set out below:

Theme Committee	2018/19 £000	2019/20 £000	Total £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	-	243	**243**
Environment	1,915	2,780	**4,695**
Policy & Resources	1,345	4,123	**5,468**
Total	**11,287**	**17,269**	**28,556**

1.5.4 The detailed savings plans are included at Appendix C1 and C2, and the main savings in each theme committee are listed below:

- Adults and Safeguarding Committee- £7.897m
    - 3rd party spend
    - Carers intervention programme
    - Transformation of ‘Your Choice Barnet’ supported living and day care services
    - Support for working age adults
    - Mental health service users – step down/independent living
    - Integrated later life care
    - Assistive technology

- Assets, Regeneration and Growth Committee - £4.663m
    - Accommodation strategy
    - Increase in council tax base

- Children’s, Education, Libraries and Safeguarding Committee - £5.590m
    - Contract management
    - Youth Services
    - Early years
    - Libraries
    - Shared Services model

- Community Leadership Committee - £0.243m
    - CCTV reducing expenditure

- Environment Committee - £4.695m
    - Street scene – commercial waste and cleansing income
    - Street scene – waste and recycling collection
    - Street scene – Green Spaces
    - Demand Management via enforcement and education

- Policy and Resources Committee - £5.468m
    - Customer access strategy
    - Borrowing costs and interest earned
    - CSG contract
    - Workforce Savings

1.6 **The 'ring fenced' budgets are shown below:**

Better Care Fund (BCF)

1.6.1 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.

1.6.2 In 2017/18 the Council was allocated £6.9m of the BCF funding for the protection of social care.

1.6.3 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 care in order to meet the objectives of the pooled fund.

1.6.4 The success of the BCF and therefore the pooled budget is measured through the achievement of a reduction in emergency hospital admissions and the reduction in delayed transfers of care. Initiatives within the BCF are targeting resources on preventing admissions to hospital through 7-day social work service, rapid response services and enablement.

1.6.5 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.

1.6.6 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 Grant (DSG) and the Schools Budget

1.6.7 The DSG does not directly impact on the council's revenue budget position as it is provided as a specific and ring-fenced grant which is used in support of the local authority's Schools Budget. The Schools block primarily funds mainstream schools. The Early Years block primarily funds early education provision in private, voluntary and independent settings, maintained nursery schools, school nursery classes and the education of two year olds from households with low incomes. The High Needs block primarily funds pupils with high needs, who are usually pupils with Special Educational Needs (SEN) who have Statements of SEN or Education Health and Care Plans (EHCP) or pupils in alternative provision (such as Pupil Referral Units). The DfE have created a new Central Schools Services DSG Block (CSSB) for 2018/19 from existing 2017/18 DSG funding. The CSSB covers funding for historic commitments and funding for ongoing and statutory responsibilities.

1.6.8 Members are asked to approve the draft Schools Budget (DSG) of £327.313m, to note the draft Post-16 budget of £5.417m and agree that any changes to the Schools Budget reasonably required as a result of the final 2018/19 DSG and Post-16 settlement are delegated for decision to the Strategic Director - Children & Young People in consultation with the Director of Finance. The indicative Schools Budget is set out below and also includes a table showing the Schools' Funding Factor rates.

1.6.9 The key factors are as follows:

- The move towards a National Funding Formula (NFF) for schools and High Needs continued with the publication by the DfE of their response to the second stage consultation and NFF for Schools and High Needs (HN) policy document on 14th September 2017. The Government announced an additional £1.3 billion for schools and High Needs across the next two years, 2018/19 and 2019/20.

- The schools NFF will provide for higher core per-pupil funding, compared to the funding schools are receiving in 2017-18, with 0.5% per pupil cash increase in 2018/19, and a 1% increase by 2019/20 compared to baselines. However, the full cost of in-year pupil growth is not being funded through the increased DSG, as the DfE will only include in the 18-19 DSG the amount spent on growth from the DSG allocation in 17-18, whereas £3.1m of the £3.9m of Barnet's growth funding came from DSG reserves. So additional resource has had to be found from within the Schools Block allocation. This prevents the full additional 0.5% per pupil being passed onto schools within their individual school budget shares. However, the proposed budget does now include a Minimum Funding Guarantee of 0%, which means that no school will receive less money per pupil in 2018/19 than they did in 2017-18. To make this affordable, any schools gaining from the phased introduction of the National Funding Formula will have their gains capped at +0.24% per pupil.

- Schools Block - The 2018/19 Schools Block Income is based on the following rates:
    - £4,391 Primary unit of funding based on 30,017 primary pupils (October 2017 census)
    - £5,700 Secondary unit of funding based on 19,934 secondary pupils (October 2017 census)
    - £3.257m of funding for Pupil Growth, Premises and Mobility - historic spend/ not Area Cost Adjustment (ACA) adjusted.
    - TOTAL = £248.673m

- High Needs Block - The provisional High Needs block income for Barnet has been calculated as follows:
    - £44.754m - Actual High Needs national funding formula allocation
    - £2.668m - based on a £4,446 per pupil ACA weighted base rate * 667 (pupils in special schools/ academies based on the October 2017 census)
    - £0.408m - Import/export adjustment £6,000 * 68 (net imported) pupils
    - £0.298m other adjustments
    - TOTAL = £48.128m

1.6.10 This represents a 0.2% increase over baseline funding for 2017/18. The final import/export adjustment (68 imported pupils in Barnet) data will be amended to reflect January 2018 special school census data.

- Early Years Block - The Early Years Block is estimated using early years numbers taken from the Early Years and Schools census in January 2017. An update to the 2017/18 Early Years Block allocation will be made once the January 2018 Early Years and Schools census numbers are finalised.

- Central Block – The provisional 2018/19 central block for Barnet includes the following:
    - £1.656m – allocation for ongoing responsibilities (includes former ‘retained duties’ Education Services Grant)
    - £0.464m – Historic commitments allocation
    - TOTAL = £2.12m

1.6.11 The draft DSG (gross) and Post 16 grant allocation is shown below:

	Schools Block £m	High needs Block £m	Early Years Block £m	Central Block £m	Total DSG	Post-16 £m
2018/19 DSG Block Value (incl. Post 16)	248.673	48.128	28.392	2.120	327.313	5.417
Proposed Budget Allocation:		48.128	27.105		75.233	5.417
School Funding Formula	247.833				247.833	
Forum Agreed Central Services			1.287	1.264	2.551	
Statutory duties				0.856	0.856	
Growth Fund*	0.840				0.840	
Estimated Total Expenditure	248.673	48.128	28.392	2.120	327.313	5.417

*Note: the Growth Fund is for the one-off costs of setting up new schools, expanding existing schools and temporary 'bulge' classes. Growth funding also includes funding for the additional pupils and this element of growth funding is included in the school funding formula line and amounts to £2.348m

1.6.12 The council is required to submit a completed Authority Proforma Tool (the APT), to the Department for Education (DfE) annually, which shows all the detailed assumptions underpinning the proposals for allocating budgets to schools. The proposed funding rates for 2018/19 financial year are as follows:

Pupil led factors

Description		2017/18 Barnet Formula		2018/19 NFF rates (Area Cost adjusted)	
		Amount per pupil		**Amount per pupil**	
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Primary (Years R-6)	£3,325.75		£3,016.29	
	Key Stage 3 (Years 7-9)	£4,782.86		£4,241.69	
	Key Stage 4 (Years 10-11)	£4,782.86		£4,815.96	
	Description	**Primary amount per pupil**	**Secondary amount per pupil**	**Primary amount per pupil**	**Secondary amount per pupil**
2) Deprivation	FSM	Not used in 2017/18		£483.13	£483.13
	FSM6	£1,423.56	£505.00	£592.94	£861.95
	IDACI Band F	£0.00	£0.00	£219.61	£318.43
	IDACI Band E	£0.00	£0.00	£263.53	£428.23
	IDACI Band D	£0.00	£0.00	£395.29	£565.49
	IDACI Band C	£880.00	£2,189.44	£428.23	£614.90
	IDACI Band B	£2,100.00	£5,224.80	£461.17	£658.82
	IDACI Band A	£4,000.00	£9,952.00	£631.37	£889.40
3) Looked After Children (LAC)	LAC March 17	£0.00			
4) English as an Additional Language (EAL)	EAL 2 Primary	£530.00		£565.49	
	EAL 2 Secondary		£1,378.00		£1,520.77
5) Mobility	Pupils starting school outside of normal entry dates	£422.90	£618.53	£422.90	£618.53
6) Prior attainment	Low Attainment % old FSP 73	Not used in Barnet 2017/18 Formula		£1,152.93	
	Secondary low attainment (year 7)				£1,701.95
	Secondary low attainment (year 8)				
	Secondary low attainment (years 9 to 11)				

1.6.13 Pressure on the DSG budget continues due to the continuing growth in primary pupil numbers feeding through into secondary schools. The non-capital cost of setting up new classes is estimated to be £3.188m for 2018/19. In addition, the increases in the number of High Needs pupils and their increased complexity of needs results in further pressures.

Public Health

1.6.14 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.

1.6.15 As a result, the grant has reduced 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.

1.6.16 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.

1.6.17 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

Pension Fund

1.6.18 Governance of the Barnet LGPS pension fund is delegated to the Pension Fund Committee supported by the Local Pension Board. Day-to-day management is undertaken by various entities with the Capita group.

1.6.19 The effectiveness of the governance of the pension fund can be measured in various ways:

- The funding level
- The quality of service provided to members and employers
- Softer issues around the deployment of investment

Funding Affordability

1.6.20 Employers are mainly interested in current and future levels of contributions. Both low and stable contribution rates are desirable given budget constraints.

There are currently around 60 employers in the fund, with contribution rates set individually.

1.6.21 The most recent triennial actuarial value of the fund was undertaken as at 31st March 2016. The results are shown in the table below:

	31-Mar-13 £'m	31-Mar-16 £'m
Assets	789	916
Liabilities	1,000	1,256
Deficit	**(211)**	**(340)**
funding level	79%	73%
Employers contribution rate - scheme wide		
Primary	13.0%	17.90%
secondary	11.0%	8.50%
Total	**24.0%**	**26.4%**

1.6.22 The funding level deteriorated between the two valuation dates however, comparison is complicated by changes in methodology and assumptions.

1.6.23 Changes in the funding level are driven by the investment returns and the assumptions used to value the benefit liabilities.

1.6.24 Investment performance is monitored quarterly by the Pension Fund committee. The most recent three year annualised returns as at 30 Sept 2017 were 8.1% compared with a benchmark of 8.6%. The performance of the diversified growth mandates has been below benchmark.

The Quality of Service provided to Scheme Members and Employers

1.6.25 The Local Pension Board receives quarterly reports from Capita on performance against service standards. Following problems with the issuing of Annual Benefits Statements in 2016, and subsequent concerns raised by The Pensions Regulator, a Service Improvement Plan was agreed with Capita in August 2017. Progress against the Plan is tracked via monthly meetings with senior officers and at Local Pensions Board meetings.

Other Governance Expectations

1.6.26 The governance of the pension fund in areas such as investment in ‘topical’ industries e.g. fossil fuel, tobacco, arms, alcohol, pay day lenders etc, attracts attention and expectations from members and residents and can incur publicity. Similarly, the way in which fund managers’ vote on sensitive issue e.g.

executive pay is occasionally reported. The Barnet fund has not encountered significant interest in these issues recently.

1.7 Council Tax and Social Care Precept

1.7.1 The Council needs to ensure that it has adequate resources to meet its statutory and mandatory obligations and its priorities. Its approach is to deliver a budget that is affordable and with a prudent and realistic level of Council Tax over the period of the MTFS.

1.7.2 The council tax base is an important step towards setting the basic amount of Council Tax. The detailed council tax base schedule is included at Appendix B. The Chief Finance Officer, under delegated powers, has determined the 2018/19 council tax base to be 141,918 (Band D equivalents), the calculations are shown in the following table:

Council Tax Base	2018/19 Band D equivalents	2017/18 Band D equivalents
Total properties (per Valuation List)	172,575	169,714
Exemptions	(2,641)	(2,513)
Disabled reductions	(112)	(111)
Discounts (10%, 25% & 50%)	(28,272)	(28,258)
Adjustments	2,517	2,319
Aggregate Relevant Amounts	144,067	141,151
Non-Collection (1.5% both years)	(2,163)	(2,118)
Contributions in lieu from MoD	14	16
	141,918	139,049

1.7.3 Within the provisional Local Government Finance Settlement the Government confirmed that the level that it considers excessive for general council tax increases in 2018/19 is 3%. Should the Council wish to raise the level by that amount above, a referendum of the local electorate must be held. For the purposes of planning, no assumption has been made relating to general council tax increases in 2018/19 but a 2.99% assumed increase has been included for 2019/20.

Adult Social Care Precept

1.7.4 The offer by the Secretary of State for Communities and Local Government to Adult Social Care (ASC) authorities, effective from 2016/17, gave upper-tier authorities with ASC responsibilities the option to charge an additional precept on their Core Council Tax without the need to hold a referendum, to thus assist those authorities in meeting expenditure pressures in Adult Social Care.

1.7.5 There are on-going pressures on Adult Social Care budgets due to particular market cost pressures and forecast demand growth for care services as a result of increasing numbers of older people, people with disabilities and people with long term health conditions needing care. These demographic pressures are exacerbated by increasing pressure from hospitals to discharge patients in a timely fashion, particularly during the winter months. There is also added pressure from reduced capacity to make efficiencies from external care providers without affecting the quality of care they provide, along with an increase in homecare costs – potentially exacerbated by changes to the Living Wage.

1.7.6 The state of the market and unavoidable cost pressures will continue to be a major challenge. Activity and level of complexity is increasing alongside demographic changes, workforce pressures from the Living Wage and the driving down of price are all major dynamics that are impacting on the availability and quality of services.

1.7.7 Between 2015/16 and 2016/17 the number of Adult Social Care packages provided has increased from 4,651 to 4,705. This is an increase of 54 cases, or 1.2% increase over a 12 month period. Whilst this is a relatively stable number of individuals, the level of intensity of support for existing clients has increased causing significant pressure on the cost of commissioned care.

1.7.8 For financial modelling purposes it has been currently assumed that for 2018/19 the Council will apply the precept for Adult Social Care (ASC) of 3% to its share of Council Tax bills. Should the authority choose to apply 3% onto Council Tax bills for the ASC precept, the Council will have to complete a declaration to DCLG within 21 days of its annual budget being approved by Council. This declaration will compare budget changes in adult social care to the rest of the general fund to demonstrate that the Council has spent the funds raised from the precept on the purpose for which it was intended.

1.7.9 Should the proposed 3% ASC precept be applied, the Council Tax for Barnet will be as per the following table:

BUDGET	2017/18 Original	2017/2018 Current	2018/2019 Original
	£	£	**£**
Total Service Expenditure	**277,196,880**	**277,196,880**	**285,650,880**
Contribution to / (from) Specific Reserves	1,234,000	1,234,000	(2,750,126)
NET EXPENDITURE	**278,430,880**	**278,430,880**	**282,900,754**
Other Grants	(36,612,000)	(36,612,000)	(32,020,000)
BUDGET REQUIREMENT	**241,818,880**	**241,818,880**	**250,880,754**
Business Rates Retention	(36,484,000)	(36,484,000)	(74,360,000)
Business rates top-up	(18,362,000)	(18,362,000)	0
BUSINESS RATES INCOME	**(54,846,000)**	**(54,846,000)**	**(74,360,000)**
RSG	(23,413,000)	(23,413,000)	0
Collection Fund Adjustments (see para 1.12.8)	(3,000,000)	(3,000,000)	(7,732,000)
BARNET'S ELEMENT OF COUNCIL TAX REQUIREMENT	**160,559,880**	**160,559,880**	**168,788,754**
BASIC AMOUNT OF TAX	**1,154.70**	**1,154.70**	**1,189.34**
GLA TAX	**280.02**	**280.02**	**294.23**

TOTAL COUNCIL TAX (BAND D EQUIVALENT)	1,434.72	1,434.72	1,483.57

1.7.9 The provisional Greater London Authority (GLA) precept is £41,756,533 making the total estimated demand on the collection fund and Council Tax requirement £210,545,287.

London Borough of Barnet	£163,872,715
Social Care Precept	£4,916,039
Barnet's Council Tax Requirement	£168,788,754
Greater London Authority	£41,756,533
Total Requirement for Council Tax	£210,545,287

1.7.10 The levels of council tax for each category of dwelling will be:

Council Tax Band	Barnet	GLA	Total CT
A	792.89	196.15	989.04
B	925.04	228.85	1,153.89
C	1,057.19	261.54	1,318.73
D	1,189.34	294.23	1,483.57
E	1,453.63	359.61	1,813.24
F	1,717.94	425.00	2,142.94
G	1,982.23	490.38	2,472.61
H	2,378.68	588.46	2,967.14

1.7.11 Individual Council Tax bills will reflect occupancy status with discounts for low occupancy (one or no adults) and exemptions for specific circumstances. In addition, some residents will be eligible for Council Tax support.

Council Tax Support Scheme

1.7.12 The Council adopted, on 13 January 2015, following a consultation, a revised Local Council Tax Reduction Scheme called Council Tax Support. The scheme had the following features:

- Contribution of 20% for working age claimants unless in a protected group;
- Continued protection from the impact of the minimum contribution for war pensioners;
- War pension income disregarded from both the working age scheme and the pension credit age scheme;

1.7.13 The working age Non-dependant (ND) charges be uprated as follows:

Description	Deduction
Gross income greater than or equal to £202.85 per week from any source (unless the non-dependant is	£11.90 per week

Description	Deduction
receiving an income in category 3)	
Gross income less than or equal to £202.84 per week (unless the non-dependant is receiving an income in category 3)	£5.00 per week
In receipt of Income Support, Income based Jobseekers Allowance, Income related Employment and Support Allowance, State Pension Credit or Universal Credit where the award is calculated on the basis that the recipient has no earned income	Nil

1.8 Capital Investment Programme

1.8.1 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.

1.8.2 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.

1.8.3 The current capital programme totals £901m 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.

1.8.4 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

1.8.5 A summary, by theme committee, of the currently approved capital programme is shown below:

Theme Committee	2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000

Adults & Safeguarding	12,961	27,401	-	**40,362**
Asset, Regeneration and Growth	115,585	168,521	37,095	**321,201**
Children's Education, Libraries & safeguarding	44,498	86,535	51,326	**182,359**
Community Leadership	71		-	**71**
Environment	27,389	19,367	11,140	**57,896**
Housing	39,010	50,996	16,141	**106,147**
Policy & Resources	19,749	14,716	1,120	**35,585**
Total - General Fund	**259,263**	**367,536**	**116,822**	**743,621**
Housing Revenue Account	58,686	70,192	28,509	**157,387**
Total - all services	**317,949**	**437,728**	**145,331**	**901,008**

1.8.6 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

1.8.7 Following a project undertaken by colleagues within the Finance Service a number of changes are proposed to the Capital Programme. These changes cover deletions of schemes no longer required, reprofiling projects over a more realistic delivery period and refinancing schemes to make optimal funding decisions overall. These changes are discussed below.

Deletions

1.8.8 As part of the financial forward planning exercise, challenge has been provided to capital schemes throughout the capital programme. Every line within the programme was scrutinised and particular focus was exacted where expenditure had not yet been incurred or was lower than the anticipated profile of payments.

1.8.9 As a result of this activity a number of deletions have been identified. These deletions will not affect service delivery but will remove projects which are recognised as not currently being planned for delivery. Removing the unnecessarily planned capital expenditure not only reduces the revenue requirement for capital financing but also supports good financial management practices in accurately forecasting project costs and reducing slippage.

1.8.10 The total value of deletions to the capital programme is £96m and is shown by theme committee below:

Theme Committee	Deletion £'000
Adults and Safeguarding	-
Assets, Regeneration & Growth	(16,028)
Children's Education, Libraries & safeguarding	(76,238)
Community Leadership	-
Environment	(3,276)
Housing	(579)
Policy & Resources	-
Total - General Fund	**(96,121)**
Housing Revenue Account	-
Total - all services	**(96,121)**

1.8.11 The largest value of deletions within the capital programme relates to School Place planning within Children's Education, Libraries & safeguarding. This significant reduction recognises the reduced pupil number forecasts and the impact of free schools reducing the need for the Council to build additional classrooms within the Borough.

Slippage or Accelerated Spend

1.8.12 In addition to the process of challenge of schemes on the continued inclusion within the capital programme, scrutiny has been provided to the profiling assumptions of every scheme. The current capital programme covered the period to 2019/20. As major capital works can span many financial years, there is a need to plan over a longer time horizon. Expanding the planning period enables existing schemes to spread the cost over a more reasonable delivery period.

1.8.13 As a result of this work, the capital programme has been expanded to cover the period to 2024/25. Movements in schemes by theme committee across this period are summarised below:

Theme Committee	2017/ 2018 £'000	2018/ 2019 £'000	2019/ 2020 £'000	2020/ 2021 £'000	2021/ 2022 £'000	2022/ 2023 £'000	2023/ 2024 £'000	2024/ 2025 £'000	Net £'000
Adults & Safeguarding	(5,000)	(5,265)	10,265	0	0	0	0	0	0

Asset, Regeneration and Growth	(41,411)	(4,909)	35,638	8,062	1,690	750	180	0	0
Children's Education, Libraries & safeguarding	(5,974)	(6,326)	7,675	4,625	0	0	0	0	0
Community Leadership	0	0	0	0	0	0	0	0	0
Environment	(2,195)	2,195	0	0	0	0	0	0	0
Housing	(16,114)	8,921	4,897	1,040	501	251	251	253	0
Policy & Resources	(9,316)	4,955	2,000	2,361	0	0	0	0	0
Total - General Fund	(80,010)	(429)	60,475	16,088	2,191	1,001	431	253	0
Housing Revenue Account	(8,401)	8,401	0	0	0	0	0	0	0
Total - all services	(88,411)	7,972	60,475	16,088	2,191	1,001	431	253	0

Additions

1.8.14 Extending the time horizon of the Capital Programme means that an addition is required for annual capital projects such as Major Works within the HRA and the modernisation of Primary and Secondary schools. This is to enable the continuation of the existing and ongoing investment decisions. These are laid out within Appendix D for approval.

1.8.15 In addition to the business as usual addition above, four other additions are put forward for consideration by Theme Committees. They are the Barnet Tree Policy and the Gaelic playing pitch relocation, both referred to Policy and Resources by the Environment Committee to consider the funding of the programme as part of the Medium Term Financial Plan.

Barnet Trees Policy

1.8.16 The objectives of the Tree Policy are;

- to provide a service which supports our changing and growing borough whilst also maintaining and improving the borough's tree stock and natural environment.
- To contribute to biodiversity;
- To be a leader in tree planting and maintenance in London.
- To contribute to the health of residents in the borough by bringing about improvements to air quality; by sequestration of carbon dioxide and reduction in levels of nitrogen dioxide through carrying out targeted tree planting

1.8.17 The total funding request is £450,000 per annum for the next five years. This is broken down as;

- £300,000 per annum for street trees
- £100,000 per annum for trees in Parks & Open Spaces (P&OS)
- £50,000 per annum for response to urban heat island, air pollution.

1.8.18 The estimated annual capital financing costs of the proposed tree planting programme amount to £68,560 which can be contained within the annual revenue budget for tree planting.

1.8.19 The decision to approve this addition is included at recommendation 10.

Gaelic playing pitch relocation

1.8.20 The need for the Council to relocate St Kiernan's Gaelic Athletic Association arises directly from the redevelopment of the Copthall Leisure Centre and is required by conditions attached to the grants of planning consent for the leisure centre redevelopment and the redevelopment of Montrose Playing Field/Silkstream Park. The requirement also arises from the Playing Pitch Strategy for Barnet.

1.8.21 The application for planning consent for the wider NIMR site development has now been considered by the Mayor of London who has granted consent for the development. There is a Section 106 agreement attached to the grant of planning consent designed to assist with the relocation of St Kiernan's GAA.

1.8.22 Initial estimates indicate the cost of the relocation to total £2,000,000 from which it will be seen that after application of the Section 106 contributions, there remains a shortfall of £1,300,000. Applications for funding are being made to the Gaelic Athletic Association and other potential funders to meet this shortfall.

1.8.23 Approval is sought for the inclusion of the £700,000 Section 106 contribution in the Capital Programme. An additional application for inclusion within the capital programme will be made when the outcome of the external funding applications is known.

1.8.24 The decision to approve this addition is included at recommendation 11.

Tranche 3 (Opendoor Homes Affordable Housing Programme)

1.8.25 This addition is required in order to budget for the use of £700,000 s106 funding to deliver offsite affordable housing at the Croft. There is no additional net cost to the General Fund as a result of this addition.

1.8.26 The decision to approve this addition is included at recommendation 12.

Housing Acquisitions Programme

1.8.27 To meet the council's homelessness obligations, the Assets Regeneration and Growth Committee in November 2017 authorised a third tranche of purchasing homes in Greater London on the open market under a leasing arrangement supported by an institutional investment fund.

1.8.28 Following further consideration of this approach, it is recommended that a more flexible approach is taken utilising PWLB lending to support the direct purchase of properties alongside the leasing arrangements.

1.8.29 This proposed approach is therefore to increase the capital programme for 2018/19 to include £40m for direct acquisitions, alongside the programme supported by the institutional investment fund limited to £50m. The increase in the capital programme will be funded by prudential borrowing. Recommendation 13 seeks approval for the increase of the capital programme funded by borrowing. Recommendation 14 seeks approval for the use of institutional investment funds.

Capital Financing Decisions

1.8.30 At the Policy and Resources Committee meeting on the 5 December 2017, the Committee delegated 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. As a result, work has been undertaken to review funding decisions and these are presented in Appendix D for the Committee to note.

1.9 Treasury Management Strategy

1.9.1 The Treasury Management Strategy is included in Appendix J. The main recommended revision to the Treasury Management Strategy is:

- External Borrowing will be taken initially using temporary borrowing as long-term (50 year) PWLB rates are forecast to remain at or below 3% until June 2019.

1.9.2 Temporary borrowing will be in the form of either short term loans from other local authorities or variable Public Works Loan Board (both less than one year).

1.10 Housing Revenue Account

1.10.1 The Local Government and Housing Act 1989 requires the Housing Revenue Account (HRA) to be maintained as a ring-fenced account. Any surpluses generated from the HRA can be used to support the account when it fails to break even. The budget can be set so that there is a drawing on balances, but it is not permissible for an overall HRA budget deficit to be set. It is for the council to determine what level of balances should be maintained. The quarter 3 monitoring position indicated that at 31 March 2017 the HRA balances are forecast to be £12.5m.

1.10.2 The principal items of expenditure within the HRA are management and maintenance costs, together with charges for capital expenditure (depreciation and interest). This is substantially met by rent and service charge income from dwellings, garages, and commercial premises.

Council Dwelling Rents

1.10.3 Council rents are required to be reduced by 1% a year for the four years from April 2016. In October 2017, the Ministry of Housing**,** Communities and Local Government **(**MHCLG) (formerly the Department for Communities and Local

Government (DCLG)) announced that increases to social housing rents will be limited to the Consumer Prices Index (CPI) plus 1% for five years from April 2020. This is required by the Welfare Reform and Work Act.

1.10.4 When a dwelling is re-let to a new tenant then the rent will be reset at the formula rent level, minus 1% for four years from April 2016 as required by the government policy for social rents.

1.10.5 Where a dwelling rent is already above formula rent levels at the point it becomes empty, there will be no adjustment to the property rent when it is re-let.

1.10.6 Once a property has been let, the rent will reduce by 1% a year at the start of the following financial year for the current tenant up to and including 2019/20.

1.10.7 New homes being delivered on the Council’s land will be subject to affordable rents set at 65% of average private sector market rents or the Local Housing Allowance (LHA) whichever is lower. In line with government policy, the affordable rent that applies at the end of each financial year will be reduced by 1% at the start of the next financial year for the current tenant up to and including 2019/20.

1.10.8 The current average weekly rent on a 48 week basis will be £109.43. This has decreased from an existing weekly average rent of £110.53. The average formula rent (for new tenants on re-let) will be £117.10; this has decreased from an existing average of £118.28.

Service Charges and Garages

1.10.9 The table below outlines the changes that are recommended to take effect from 1 April 2018 (on a 48 week basis):

	2017/18	**2018/19**	**Increase**	**% Increase**
Grounds Maintenance	£2.77	£2.80	£0.03	1.0%
Lighting	£1.21	£1.23	£0.02	2.0%
Heating - Grahame Park	1 Bed- £12.20 2 Bed - £16.92 3 Bed - £18.27	1 Bed- £12.20 2 Bed - £16.92 3 Bed - £18.27	1 Bed- £0.00 2 Bed - £0.00 3 Bed - £0.00	0%
Heating – excluding Grahame Park	0%			
Digital Television	£1.47	£1.54	£0.07	5%
Weekly Caretaking	£6.71	£6.71	£0.00	0%
Quarterly Caretaking	£1.36	£1.36	£0.00	0 %
Enhanced Housing Management and Alarm	0% increase applied to existing charges for these services.			

Service (sheltered housing)	
Garages	3.1% increase applied to existing rents for garages
Door Entry Systems	£2.33 per week (for all new and replacement systems installed from 01/04/2017) – an increase of 5% based on expected cost increase.

1.10.10 The proposed changes reflect increases in the cost of providing the services described. In the case of heating charges, no increases are recommended as the cost of fuel has not increased during 2017/18.

1.10.11 The cost of providing access to digital television was reviewed in 2017/18 to ensure that the service charge reflected the cost of providing this service. It is recommended that the charge is increased in line with the cost increase expected of 5%, which represents an increase of £0.07 pence a week.

1.10.12 The charge introduced for new and replacement installations of door entry phone systems is proposed to increase by 5% in line with the estimated cost increase. Replacement door entry phone systems will not be installed without first consulting with tenants and leaseholders.

HRA Summary and working balance

1.10.13 Total expenditure for 2018/19 is estimated at £59.7m including charges for financing HRA debt.

1.10.14 The HRA for 2018/19 shows a contribution from balances of £754k. The estimated HRA balance as at 31 March 2018 is £13.6m.

Housing – Right to Buy (RTB) Receipts

1.10.15 The council has entered into an agreement with the former Department for Communities and Local Government (DCLG) to retain an element of the RTB receipts for investment in building or acquisition of new social housing. Up to 30% of the retained receipts must be spent on the cost of replacement affordable rented homes.

1.10.16 Retained RTB receipts must be spent within three years of being received. If retained RTB receipts are not spent within the three years' time limit they must be returned to DCLG, with interest charged at 4% above base rate (Bank of England), calculated from the date of the relevant RTB receipts.

1.10.17 The council has undertaken purchase of property to add to the stock of social housing to ensure that the receipts do not have to be repaid to DCLG.

1.11 Robustness of the budget and assurance from Chief Finance Officer

1.11.1 In order to comply with Section 25 of the Local Government Act 2003; the Authority's Chief Financial Officer (the Director of Finance) is required to report on the robustness of the estimates made for the purposes of the budget calculations and the adequacy of the proposed reserves. This information enables a longer-term view of the overall position to be taken. It is also reports on the Director of Finance's consideration of the affordability and prudence of capital investment proposals. The level of general balances to support the budget and appropriate earmarked reserves maintained by the Council in accordance with the agreed Council Policy on Earmarked Reserves are an integral part of its continued financial resilience. The council's reserves and balance policy is attached at Appendix K.

Robustness of Estimates

1.11.2 The Council is a going concern and the budget process is part of a continuous service planning and financial cycle. Therefore, knowledge and understanding of the previous and current national and local financial and economic environments are used to make informed assumptions and judgements about the future. This activity seeks to establish a robust budget which is appropriate and realistic having taken a practical assessment of risk.

1.11.3 The impact on the MTFS from previous financial settlements has been mitigated by using collection fund surplus, new homes bonus and use of reserves.

1.11.4 The reduction of funding in contingency means that if the social care precept is not applied, additional savings options will need to be developed of at least £4.9m (on-going) to ensure there is a balanced and sustainable budget going forward.

1.11.5 The financial planning process has been managed at officer level through the Strategic Commissioning Board and Delivery Unit meetings. These Director level groups have overseen the process for financial planning, including medium-term resource projections, the strategic context for the borough, and the quantification of new pressures on resources, and the identification of potential budget savings. This has happened alongside budget challenge sessions with members of Performance and Contract Management Committee and Policy and Resources Committee.

1.11.6 Extensive consultation has taken place in respect of the budget proposals in general, and also in respect of specific planned changes. Consultation feedback has been taken into consideration as final proposals to the council have been formulated.

1.11.7 At Member level, the Theme Committees have considered the financial planning process and made recommendations to the Policy and Resource Committee. The savings will then be referred to Council and agreed in March 2018.

Robustness of Budget Setting Process

1.11.8 The process that has been undertaken to set the budget has included engagement of officers from service departments throughout the year, regular reporting to Theme Committees and Council, consultation with the public, along with due consideration of statutory duties, particularly in respect of equalities. For these reasons, it can be confirmed that the budget setting process has been robust.

Effectiveness of Budget Management

1.11.9 The council has robust arrangements for managing budgets and performance. Close attention will continue to be paid to the implementation of agreed savings and monitoring of the Council's current overspend, with regular reporting to the Performance and Contract Management Committee.

1.11.10 The Council has a legal responsibility to set a balanced budget which can include the planned use of its reserves. The Council is planning to use around £70m of its reserves over the period to March 2020. Whilst the funds are available to use in this way, the trajectory of their reduction is unsustainable in the long term and means that the Council risks being forced to make tough decisions over a short period of time. The Section 151 officer recommends that the Council now materialises its plans to reduce its net expenditure to keep within available resources and to slow, and eventually eradicate, the erosion of its available reserves. This will minimise significant short-term impacts upon front line services.

1.12 Reserves and balances

1.12.1 It is the role of the Section 151 officer to recommend a level of reserves within the council's budget. However, it is important that members understand the level of reserves that the council holds, and ensure that the reserves policy fits in line with the organisational strategy. The council's policy on reserves and balances is attached at Appendix K.

1.12.2 The council expects to hold general non ring-fenced and not earmarked annual reserves of £9m to deal with any in year and unplanned pressures. The council will seek in time to increase this to £12m, which is equivalent to 5% of annual expenditure and this amount is in line with Audit and Regulatory good practice.

1.12.3 The council needs to ensure an adequate level of reserves and contingencies, which will enable it to manage the risks associated with delivery of the budget including equalities impacts and unforeseen events.

1.12.4 Ring fenced reserves include money that is ring fenced by statute and can only be used for their designated purpose (such as schools and public health balances) or funding held to service a long term PFI contract.

1.12.5 The council held specific reserves at the end of the last financial year of £96.798m, a general fund balance of £9.6m and HRA balance of £12.4m.

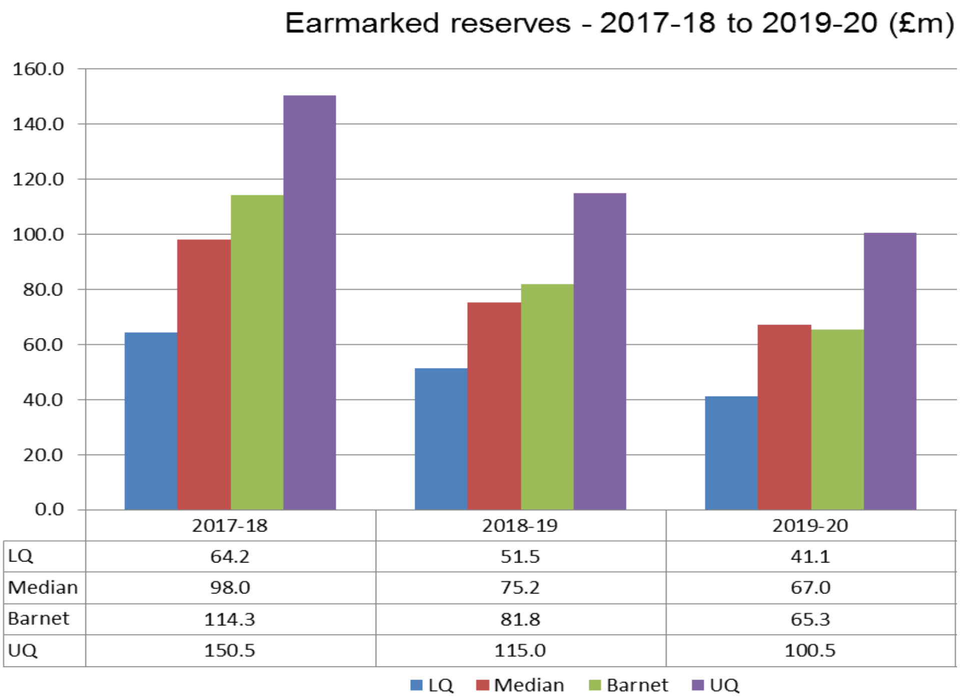
1.12.6 The following table indicates the estimated balances that the council will hold up to March 2020.

Specific Reserves	**Mar-17 £'000**	**Mar-18 £'000**	**Mar-19 £'000**	**Mar-20 £'000**
Risk	-	-	-	-
Balancing the MTFS	15,425	13,695	7,950	-

Collection Fund Smoothing	-	2,000	2,000	2,000
Transformation	6,754	4,500	2,200	-
PFI	4,286	4,286	4,286	4,286
Service Development	11,383	5,836	5,517	5,267
Infrastructure	36,571	23,988	3,455	6,058
Service Reserves	22,379	12,886	11,607	10,807
Council Total	**96,798**	**67,191**	**37,015**	**28,418**
Schools Reserves	10,894	9,894	8,894	7,894
Total	**107,692**	**77,085**	**45,909**	**36,312**

General Reserves	**Mar-17 £'000**	**Mar-18 £'000**	**Mar-19 £'000**	**Mar-20 £'000**
General fund	9,614	9,000	9,000	9,000
Housing revenue account (ringfenced)	12,489	9,762	9,008	8,254

1.12.7 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.



Use of Collection Fund Surplus

1.12.8 Within the 2017/18 budget, the Council assumes it will use £3m of its accumulated Collection Fund Surplus to support its revenue budget. This is one off funding rather than being available as a recurrent surplus.

1.12.9 The proposed MTFS, at Appendix A, proposes the additional use of £3.3m in 2018/19 followed by a further £0.3m in 2019/20. This was included to recognise that savings proposals within the Assets Regeneration and Growth Committee relating to additional council tax income from residential developments was forecast to be delayed by around 12 months.

1.12.10 The one off uses of the surplus described above would leave an approximate balance of £6m by the closing of 2017/18. It is proposed that the first £2m of this remaining balance is used to establish a Collection Fund Smoothing Reserve. The purpose of this reserve would be to balance any year on year surplus or deficits, minimising the risk to the general fund of any unplanned impacts.

1.12.11 It is then proposed that the remaining £4m is utilised to replenish the General Fund Balances closer to the target level of £12m. This will result in a forecast balance of £9m at year end 2017/18. The Council will seek in time to increase this to £12m as discussed in paragraph 1.12.2.

1.12.12 The latest forecast collection fund variance estimates an in year deficit of £1.5m. It is common for both positive and adverse variances to exist within the Collection Fund and should this forecast be realised at year end, it will be the first call on the newly established Collection Fund Smoothing Reserve. There is no forecast variance for 2018/19 at this stage.

1.12.13 The General Fund Balance quoted in paragraph 1.12.6 is calculated assuming this treatment is applied.

1.13 Fees and Charges

1.13.1 For the fees and charges within their remit, theme Committees, Planning Committee and Licensing Committee must approve changes to fees and charges that are above inflation by 2% or more, the introduction of new fees and charges, and changes to fees and charges outside the normal annual cycle.

1.13.2 Changes to fees and charges approved by theme Committees, Planning Committee and Licensing Committee must be reported to Policy and Resources Committee for noting.

1.13.3 Appendix G sets out the changes that require noting by this committee.

1.14 Budget Management

1.14.1 The following paragraphs contain draft budget monitoring information as at the end of Quarter 3 (December 2017). It should be noted that this information is still draft and is due to be presented to the Performance and Contracts Management Committee on the 27 February 2018.

1.14.2 The forecast General Fund revenue outturn is £281.782m, which is a projected overspend of £4.583m (1.7%) compared with the revised budget of £277.199m.

This reported variance is after the application of reserves which act as one off mitigations to the budget variance. The overall variance is largely driven by overspends in Adult Services and CSG.

1.14.3 The projected outturn on the council's capital programme is £227.347m, £176.934m of which relates to the General Fund programme and £50.414m to the HRA capital programme. This is a variance of £90.602m less than the 2017/18 budget of £317.949m.

Revenue Budgets

1.14.4 The Delivery Units with significant overspends are listed below with a summary of their main pressures:

1.14.5 The revenue budget for **Adults and Communities** is forecast to overspend by £1.515m. Adult Social Care (ASC) has experienced increasing complexity and demand for services since 2014/15. The learning disability budgets have been experiencing pressure as a result of the transforming care (Winterbourne) agenda. Projections include c£0.275m spend on supported living placements that would previously have been hospital admissions.

1.14.6 The current overspend also includes expenditure relating to backdated claims for Ordinary Residence that have been lost; these were not provided for based on previous legal advice. As a result, there is a one-off budget pressure of £0.479m and an ongoing pressure of £0.116m.

1.14.7 There is also significant pressure from homecare, equipment and nursing care placements. The Council has been working hard to support local NHS partners to cope with the pressures on the health system and reduce delayed discharges of care. The growing demand from health has led to an increase of 14% in commissioned homecare hours from last year and a £0.235m increase in projected costs for the community equipment service. The latter has been mitigated through the capitalisation of equipment via the DFG budget.

1.14.8 The Deprivation of Liberty Safeguards (DOLS) service continues to be a significant cost pressure in 2017/18, as a result of Supreme Court judgements in 2014/15 and a loss of grant funding since 2015/16.

1.14.9 A piece of work is being undertaken by colleagues within Adults Services, supported by the Director of Finance and his staff to fully understand the emerging pressure within Adult Services. It was previously reported to committees about the difficulty in obtaining management information following a system change. A process of validation of that information is now needed to take place in order to understand any ongoing financial pressure within the service. This will be reported in more detail to the Performance and Contract Management Committee on the 27 February 2018.

1.14.10 Assurance is forecasting an overspend of £0.289m due to an underachievement of income, which is partly offset by an underspend on core hours.

1.14.11 The projected overspend for the **Commissioning Group**, which includes environment, parking and infrastructure, is £0.357m which represents 1.0% of the total Delivery Unit budget. The forecast overspend is principally due to the income budget for the registrar and mortuary services not being achieved.

1.14.12 The projected overspend of £1.240m for **CSG** represents 5.7% of the total Delivery Unit budget (£21.836m). This variance relates to pressure on income budgets. There is a shortfall in schools traded income of £0.7m. This pressure has emerged due to a combination of more schools becoming academies with their own support services and school budgets in general being under more pressure. In addition to this, income generated from services such as the Programme Management Team and Document Solutions are lower (£0.5m) as a result of lower demand than expected. The Council is looking at the assumptions within the budget as part of the MTFS process.

1.14.13 The projected overspend of £0.277m for **Family Services** represents 0.5% of the total Delivery Unit budget (£58.471m). There is a £1.700m forecast overspend relating to external high cost specialist placements and associated services. The additional directed requirement for two assistant heads of service, three duty assessment team managers and eight duty Assessment Team social workers has resulted in a £0.390m pressure. The ongoing improvements being made will continue to place pressure on existing resources. Forecast pressures are being offset by the additional budget allocated by Policy and Resources Committee in June 2017 and additional one-off grant funding.

1.14.14 The projected overspend of £0.253m for **Housing Needs and Resources** represents 3.7% of the total Delivery Unit budget (£6.860m). The forecast overspend is largely due to a shortfall in rental income as a result of temporary accommodation rents being fixed at January 2011 Local Housing Allowance rates, in addition to income loss from hostels, temporary accommodation preventions and one-off private sector leasing.

1.14.15 Recovery plans for forecast in-year overspends are monitored by Performance and Contract Management Committee through the year.

1.14.16 Specific risks in the MTFS takes the pressures above into consideration, however relevant Directors will need to ensure existing overspends are being addressed in order to ensure delivery of future savings proposals are not at risk.

Capital Budget management

1.14.17 The projected capital outturn is £90.602m (27.8%) lower than the latest approved budget, primarily due to slippage. The principal variances from budget and the reasons for these are as follows:

1.14.18 Within the Commissioning Group capital programme, there is slippage of £5.000m on the Sports and Physical Activities project. Site mobilisation and construction started in December 2017 and the project is being reprofiled to reflect the anticipated timescale for completion. There is also slippage on the depot relocation project and a number of other projects.

1.14.19 Within the schools capital programme, there is slippage of £0.700m on the St Agnes School expansion and £1.287m on the Blessed Dominic / St James project, both due to planning delays. There is also slippage of £1.832m on alternative provision due to delays in procurement and of £0.903 on other projects.

1.14.20 Within Family Services, there is slippage of £2.458m. Additional works to libraries have required an increase in the budget for this project of £0.648m. There have been delays to the Youth Scheme project with planning taking longer than expected and this has resulted in the project being re-profiled into 2018/19 (£1.699m). The information management project has also slipped into 2018/19 whilst options are appraised for the new youth offending system (£0.545m).

1.14.21 The forecast capital outturn for Housing Needs and Resources shows slippage of £16.221m which relates mainly to the Open Door project being reprofiled as it started later than planned due to registered provider status being obtained.

1.14.22 The Re capital programme has decreased by £42.304m. The slippage relates mainly to the Colindale Station works (£13.500m), the Thames Link station (£18.489m) and the Strategic Opportunities Fund (£8.000m), all of which have been re-profiled into future years.

1.14.23 The HRA forecast shows a decrease of £8.273m. The HRA Fire Safety Programme has slipped into 2018/19 with re-cladding works taking longer than planned (£4.500m). The Moreton Close project continues to experience delays and has slipped further budget into 2018/19 (£4.700m).

1.15 Transfers to reflect budget changes

1.15.1 An in-year transfer from contingency is required to cover the Council's Apprentice levy costs totalling £0.615m.

1.15.2 Insurance budgets in 2017/18 need to be re-aligned across all delivery units to capture the total cost of running the service. This virement will be on a one-off basis as per the following table:

Service Area	£
Adults and Communities	(8,590)
Assurance	(7,540)
Children's Education & Skills	3,190
Children's Family Services	(63,590)
Commissioning	49,670
Customer Support Group	(42,360)
Housing Needs Resources	(430)
Parking & Infrastructure	(1,910)

Regional Enterprise	(4,440)
Streetscene	94,470
Central Expenses	(18,470)
Grand Total	**0**

1.15.3 Authorisation is requested to approve these budget transfers at recommendation 24.

1.16 Debt Write off

1.16.1 The following write offs over £5k, are to be referred to Full Council.

- Sundry Debt write offs totalling £0.174m
- Council Tax write offs totalling £0.133m
- Non-Domestic Rates write offs totalling £2.088m

Sundry Debt Write off Write offs

1.16.2 Sundry debt write-off's totalling £0.174m are requested for write off, the details of which can be seen in the table below.

Sundry Debts - Write offs over £5k			
Account Reference	**Amount**	**Invoice Date**	**Comments**
1	37,101.80	02/12/2013	Insufficient funds in estate
2	28,463.39	31/10/2014	Insufficient funds in estate
3	18,994.63	17/09/2015	Insufficient funds in estate
4	11,031.52	06/12/2010	Recovery action exhausted
5	10,854.76	20/11/2015	Insufficient funds in estate
6	8,702.00	02/04/2013	Insufficient funds in estate
7	8,777.35	01/08/2005	Recovery action exhausted
8	7,573.21	06/03/2013	Recovery action exhausted
9	7,141.09	15/02/2016	Insufficient funds in estate
10	6,965.76	21/08/2014	Recovery action exhausted
11	6,450.15	28/09/2016	Insufficient funds in estate
12	6,388.40	11/11/2013	Insufficient funds in estate
13	7,663.34	26/07/2012	Insufficient funds in estate
14	8,089.99	24/06/2016	Recovery action exhausted
Total	**£174,197.39**		

1.16.3 Actions taken to recover debt over £5,000 are as per the Council's Income and Debt Management Policy. If an invoice is raised and remains unpaid, the "dunning" process comes into play as follows:

- Level 1 – a reminder is sent after 21 days
- Level 2 – a second notice is sent after 35 days i.e. a further 14 days

1.16.4 The Income team have reviewed all Level 2 cases remaining outstanding greater than 49 days (allowing a further 14 days to pay after the Final Notice) to decide whether the debt recovery should proceed.

1.16.5 Depending on the type of debt, customers and circumstances, the use of debt collectors or issuing proceedings in the County Court is considered. Every case is treated individually, hence the circumstances of each debt is assessed prior to taking a decision on the recovery of the debt in conjunction with the delivery unit.

Council Tax and Non-Domestic Rates

1.16.6 The debts are within the council's existing bad debt provision including the GLA precept for council tax, and GLA and Government shares of retained business rates. The bad debt provision for Council Tax is currently £20.8m and for Business Rates is £5.7m.

<u>Council Tax</u>

1.16.7 Irrecoverable council tax debts of £0.133m are requested for write off. The individual debts are all over £5,000 and cover the financial years from 2004/05 to 2016/17.

1.16.8 All the debts are in respect of closed accounts. Most are in respect of debtors who have absconded, including some who are known to be abroad. The table below provides a breakdown of the age profile of these debts with the total value for each year recommended for write off.

1.16.9 Attempts to trace absconders include searches of our internal revenues system, credit reference agencies, enquiry notices to owners, agents and new occupiers of properties and visit reports by our Inspection and Enforcement Agents. With regard to cost effectiveness, the extent of tracing activity will correspond to the amount of the individual debts with a greater intensity of checks being carried out in respect of these larger debts. It should be noted that where a debtor is traced following the write off of the debt then the debt will be reinstated and further attempts made to recover, subject to statutory limitation periods and it being economical to do so.

Write Off Amount for Council Tax Greater than £5000			
Financial year debt raised	**Liability £'s**	**Cost £'s**	**Total Value £'s**
2004/05	170		170
2005/06	88	194	282
2006/07	3,123	97	3,220
2007/08	5,877	587	6,464
2008/09	7,965	669	8,634
2009/10	12,494	572	13,066
2010/11	17,424	1,061	18,485
2011/12	22,278	554	22,832
2012/13	22,722	942	23,664

2013/14	18,919	762	19,681
2014/15	12,759	762	13,521
2015/16	2,087	373	2,460
2016/17	293	97	390
Grand Total	**126,199**	**6,670**	**132,869**

Non-Domestic Rates (NDR)

1.16.10 Irrecoverable National Non Domestic debts of £2.088m are requested for write off. The individual debts are all £5,000 or more and cover the financial years 1998/99 to 2017/18.

1.16.11 All the debts are in respect of closed accounts. Most are in respect of debtors who have absconded, including some who are known to be abroad and out of our jurisdiction. Other debts are either limited companies that have been dissolved or wound up or again companies registered abroad. None or insufficient monies to clear these debts have been yielded as Business Rates debts do not rank as preferential debt in insolvency proceedings. Therefore no further action can be taken.

1.16.12 Attempts to trace absconded debtors include searches of internal systems, credit reference agencies, internet searches, enquiries with owners, agents, and new occupants of the relevant properties and visits by the inspector and Enforcement Agents. With regard to cost effectiveness, the extent of tracing activity will correspond to the amount of individual debts and with a greater emphasis on checks made in respect of larger debts. It should be noted that if an absconder is subsequently located following a write off then the debt can re re-raised and attempts made to recover it, subject to statutory limitation periods and it being economical to do so.

Write Off Amount for Non Domestic Rates Greater than £5000			
Financial year debt raised	**Liability £'s**	**Cost £'s**	**Total Value £'s**
1998/99	18,008		18,008
2006/07	1,156	170	1,326
2007/08	7,148	170	7,318
2008/09	28,340	340	28,680
2009/10	38,531	340	38,871
2010/11	10,955	340	11,295
2011/12	29,762	510	30,272
2012/13	61,048	170	61,218
2013/14	140,044	1,360	141,404
2014/15	344,366	3,060	347,426
2015/16	504,885	4,670	509,555
2016/17	716,855	6,460	723,315
2017/18	167,808	1,530	169,338

Grand Total	2,068,906	19,120	2,088,026

Housing

General Fund debt Write-offs

1.16.13 The scheduled write-offs, where the individual debt level is in excess of £5,000 is £0.099m relating to the General Fund, temporary accommodation (table below).

Recovery process for former tenants

Standard cases

- Week 1 – First Former Tenant warning letter is sent
- Week 2 – Second Former Tenant warning letter is sent
- Week 3 – The debt is either written off if its uneconomical to recover, or referred to a debt collection agency

Deceased cases

- Week 4 – First Former Tenant warning Letter is sent
- Week 5 – Second Former Tenant warning Letter is sent
- Week 6 – Third Former Tenant warning Letter is sent
- Week 7 – The debt is moved to probate for write off

1.16.14 Debts in excess of £5,000 most commonly relate to closed accounts, with the majority being statute barred. This occurs when the council is legally unable to recover any monies owed by tenants due to the recovery time permitted by law being exceeded. Debts which are not statute barred (statute barred – greater than 6 years and no longer collectable) are treated as irrecoverable as the debtor is either unable to be traced, deceased with no estate or the debt is of a non-material amount, thus is uneconomical to recover

Housing General Fund - Write offs over £5k			
Account Number	**Amount (£)**	**Termination Date**	**Comments**
170102385	14,122.03	07/11/10	Statute Barred
170104211	13,249.08	29/08/10	Statute Barred
170073522	12,754.70	13/04/09	Statute Barred
170108746	12,353.30	29/08/10	Statute Barred
170109452	10,948.84	29/08/10	Statute Barred
170123850	10,137.60	19/09/10	Statute Barred
170129560	7,905.43	14/09/10	Statute Barred
170109073	6,674.81	15/08/10	Statute Barred
170027852	5,430.26	24/10/10	Statute Barred
170115579	5,025.56	26/09/10	Statute Barred
Total	**98,601.61**		

1.16.15 The bad debt provision will cover the amount of debt proposed to be written off within the Housing General Fund; the current bad debt provision balance is £4.9m.

1.17 Future Financial Planning Work

1.17.1 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.

1.17.2 The programme is structured around demand-focussed workstreams led by subject matter experts from within the authority, working with partners. It includes a number of phases, involving the development of a high-level vision, analytical work to understand demand drivers and the development of savings proposals based on those drivers of demand. A Task & Finish Group and Programme Team provide support and leadership throughout the process.

1.17.3 The section 151 officer maintains a high level mid to long-term forecast of the Council's income and expenditure levels. This forward looking approach supports strong financial management and enables the organisation to take appropriate strategic decisions well in advance. Taking considered decisions in this way minimises shocks and supports effective decision making.

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 cuts 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 cuts to services the council provides, but these are not included in this report.

4 POST DECISION IMPLEMENTATION

4.1 Following approval of these recommendations, these budget proposals and the proposed council tax resolutions will be considered by Council on 6th of March 2018.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The Council's Corporate Plan for 2015-20 sets 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; and
- 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.

5.3 Social Value

5.3.1 In taking forward the proposals due regard will be paid to the Social Value Act. The Social Value Act will be a useful tool in ensuring that our activities are embedded in prevention and early intervention. We will seek to look for added value that providers can bring in delivering our services, such as where apprenticeships are provided.

5.3.2 The Public Services (Social Value) Act 2013 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Before commencing a procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders.

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 Section 28 of the Local Government Act 2003 (the Act) imposes a statutory duty on a billing or major precepting authority to monitor, during the financial year, its income and expenditure against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the authority must take such action as it considers necessary to deal with the situation. Definition as to whether there is deterioration in an authority’s financial position is set out in sub-section 28(4) of the Act.

5.4.3 All proposals emerging from the review of the budget setting process must be considered in terms of the council’s legal powers and obligations, including its overarching statutory duties such as the Public Sector Equality Duty.

5.4.4 Constitution Responsibilities for Functions Annex A sets out the terms of the Policy and Resources Committee, which include:

- Strategic policy and finance including recommending capital and revenue budget, Medium-Term Financial Strategy and Corporate Plan to Full Council;
- Finance including: treasury management; local taxation; insurance; corporate procurement; grants; writing off debt; virements; and effective use of resources; and
- To be responsible for those matters not specifically allocated to any other committee affecting the affairs of the Council.

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

- 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.

5.4.6 Regardless of whether the council has a duty to consult, if it chooses to consult, such consultation must be carried out fairly. In general, a consultation can only be considered as proper consultation if:

- Comments are genuinely invited at the formative stage;
- The consultation documents include sufficient reasons for the proposal to allows 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, and the extent to which alternatives and discarded options, have been considered.

5.4.7 Barnet Council is committed to involving residents, businesses and service users in shaping the borough and the services they receive. Consultation and engagement is one of the key ways the council interacts with and involves local communities and residents, providing them with opportunities to:

- Gain greater awareness and understanding of what the council does
- Voice their views and understand how they can get involved
- Feed in their views to the democratic decision making process.

5.4.8 There will be staff consultation about these proposals in compliance with s188 of the Trade Union & Labour Relations (Consolidation) Act 1992. The Council may be required to publish a statutory notice to the Secretary of State and undertake consultation should we reach the minimum thresholds for potential redundancies resulting from these proposals

5.4.9 Decision makers should have due regard to the Public Sector Equality Duty when making their decisions. If negative equality impacts are found then decision makers may – or may not – decide to change their decisions after balancing all of the factors. The equalities duties are ongoing duties – they are not duties to secure a particular outcome. The equalities duties should be taken into account before a decision is made. It is important that decision makers have regard to the statutory requirements on them and make decisions in light of all available material. This will include the results of consultation and other comments that residents and organisations make on the proposals.

5.4.10 Full equality impact assessments have been prepared for the Policy and Resources Committee for those savings that will make up the budget for 2017/18 taking into account the results of the public consultation before the budget is referred to Council. Where proposals are at early stages then the equality impact assessment will be completed prior to decisions being made.

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 able 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: A public authority must, in the exercise of its functions, have due regard to the need to: (a) Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; (b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and (c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

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

5.6.3 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 the need to: (a) Tackle prejudice, and (b) Promote understanding. 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. The relevant protected characteristics are:

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

- Sex; and
- Sexual orientation.

Equalities impact of budget and consultation

5.6.4 The Cumulative Equalities Impact Assessment (CEIA) of the budget savings proposals for 2018/19 is shown at Appendix H together with an Appendix which details the EIAS which support the individual budget savings proposals for 2018/19 and their equalities impact by Theme Committee. The CEIA also takes account of the Budget Consultation outlined in Appendix H to this paper and briefly considers the equalities impact of 3 proposed approaches set out in the consultation document to bridge the MTFS gap.

5.6.5 The CEIA shows that the budget savings proposals for 2018/19 will result in many positive benefits for Barnet residents and businesses including the protected characteristics and other groups who may be disadvantaged. Each year, as theme committees work more strategically, in an inclusive and holistic manner, the CEIA shows relatively more positive and neutral impacts and relatively fewer negative impacts. There are no new negative equality impacts for the protected characteristics as part of the Budget savings proposals for 2018/19.

5.6.6 ASC have developed 12 Savings proposals for 18/19 budget, 11 of these are continuing savings. The equalities impact of 10 of 12 savings proposals are showing positive impact: Your Choice Barnet, supporting people in the community, Carers Intervention Dementia, Independence of Young people, Moreton Close extra care housing, Assistive Technology, Mental Health Step Down to enable people with mental health conditions to live in the community, support for working age adults and older adults, Personal Assistants and Disabilities Facility grant. Changes in 3rd party spend and Better Care Fund are not anticipated to have an equalities impact.

5.6.7 CELs have 9 savings proposals of which 7 are continuing. There are 2 new savings proposals for Youth Service redesign and Adoption which may require equalities impact analysis. At present Children's are not showing additional negative impacts because of their savings proposals. They have not produced individual EIAs for their proposals and have considered the EIA for Children's and young people plan showing minimum positive impact, LAC placement published last year and early years EIA all showing positive impacts. The Libraries EIA, showing minimum negative impact, continues to be monitored and updated as proposals are implemented.

5.6.8 Environment are showing 12 proposals to support their budget savings proposals. None of the assessments are currently showing a negative impact but Streetscene service redesign EIA is showing impact not known.

5.7 Consultation and Engagement

Preliminary consultation

5.7.1 The Council has already undertaken a range of consultation and engagement to inform the Council's development of the Corporate Plan strategic priorities and five 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 (2014) 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.

5.7.2 In 2015 formal consultation also 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.

5.7.3 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.

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

Phase	Date	Summary
Phase 1: Setting out the challenge	Summer 2013	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	October 2013 - June 2014	• 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	Summer 2015	• Focus on developing commissioning priorities and MTFS proposals for each of the 6 committees • Engagement through Committee meetings and working groups
Phase 4: Strategic Plan to 2020 Consultation	December 2014 - 2015	• A series of 6 workshops with a cross section of residents recruited from the Citizens Panel and Youth Board, plus

Phase	Date	Summary
		two workshops with users[1] of council services. • An online survey

The council has also conducted formal annual budget consultations every year.

Formal consultation on 2018/19 budget

Overview

5.7.5 Preliminary consultation and engagement has informed the development of the Council's 2018/19 budget proposals to be put forward for consultation.

5.7.6 The general budget consultation began the day after Policy and Resources Committee on 5 December 2017 and concluded on 14 January 2018.

5.7.7 The consultation was published prior to the Local Government Settlement on 19 December 2017 which enabled councils to increase general Council Tax by up to 2.99%.

5.7.8 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. Where appropriate, separate service-specific consultations have already taken place or will take place in the next few months for the 2018/19 savings. The outcomes of these consultations are being reported into the committee decision making processes.

5.7.9 The following paragraphs set out the headline findings from the general budget consultation 2018/19 which will be presented to Full Council, on 6 March 2018. The detailed findings can be found in Appendix .H

General consultation on 2018/19 budget

Method

5.7.10 The 2018/19 general budget consultation asked for views on:

- The council's proposal to apply a further 3% social care precept to Council Tax in 2018/19;
- The overall budget and the saving proposals for 2018/19;
- Options for meeting the remaining £6.7million budget gap by 2020.

5.7.11 The general public consultation was published on Engage Barnet with detailed background information about the Council's budget setting process and the financial challenges the Council faces.

- Respondent's views were gathered via online questionnaire.

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

- Paper copies and an Easy Read version of the consultation were also made available on request;
- 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;
- The consultation was widely promoted via the Council's residents' magazine, Barnet First; Barnet Online; local press; Twitter; Facebook; and posters in libraries and other public places;
- Super-users, i.e. users of non-universal services, were 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;
- A face to face meeting was also held with adults with learning difficulties, set up through Mencap, where an Easy Read presentation of the consultation document was discussed and further support was given in completing the Easy Read questionnaire.
- A separate questionnaire was sent to the Citizens' Panel to ensure the views of a representative sample of the borough's population were captured on the Council's proposal to apply a 3% social care precept to Council Tax in 2018/19 and options for meeting the remaining £6.7million budget gap by 2020.

Response to the consultation

5.7.12 A total of 597 questionnaires have been completed:

- 108 questionnaires were completed by the general public
- 489 questionnaires were completed by the Citizens' Panel.

5.7.13 The findings have been reported in order of the largest sample size: Citizens' Panel (489), and then Public Consultation (108).

5.7.14 There were also two written responses from businesses which did not answer the questions included in the public consultation questionnaire. These responses have been reported on separately and further details are provided in Appendix H.

Response Profile

5.7.15 The Citizens' Panel response was weighted to ensure the achieved sample was representative of the borough's population. More information on the Citizens' Panel methodology can be found in Appendix H.

5.7.16 Due to low completion rate of the diversity monitoring questions to the general public consultation (67%) the response cannot be compared to the borough's population in its entirety and it is therefore difficult to say how representative it was of the borough's population.

5.7.17 It is also important to note that the consultation methods differ and their findings cannot be reported in a single result. For this reason, the findings have been reported on separately, so that comparisons can be made between the much larger representative sample from the Citizens' Panel and the open general public consultation. For more information on how the results have been reported and interpreted please refer to Appendix H.

Key findings are summarised below:

5.7.18 Both the Citizens' Panel and the general public consultation were asked their views on the council's proposal to apply a further 3% social care precept in 2018/19, and options for closing the remaining £6.7million budget gap to 2020.

5.7.19 It should be noted that those who support or oppose the council's proposal to apply a further 3% social care precept have only been reported in this report. The full findings of who answered they 'neither support nor oppose' or 'don't know' have been reported on in Appendix H.

5.7.20 Also, the base size may vary from question to question as not all respondents provided a response to every question.

The Council's proposal to apply a further 3% social care precept increase in 2018/19

5.7.21 The majority of Citizens' Panel members (63%) and the general public respondents (56%, 61 out of 108 respondents) support the proposal to apply a further 3% social care precept in 2018/19.

5.7.22 Only one fifth of the Citizens' Panel (21%) oppose the proposal, and slightly more 29% (32 out of 108 respondents) of respondents from general public consultation oppose the proposal to apply a further 3% social care precept in 2018/19.

Reasons why respondents support a social care precept increase

5.7.23 The most frequently mentioned reasons for support of a 3% social care precept increase in 2018/19 was recognition that demand for adult social care is increasing and that we have an ageing population; followed by social care is underfunded and standards need to be improved; the raise is acceptable, citing it was fair, affordable and in line with inflation; and recognition that social care is becoming an urgent priority.

Reasons why respondents oppose a social care precept increase

5.7.23 The most frequently mentioned reasons why respondents oppose the proposal to apply a further 3% social care precept increase in 2018/19 was around affordability, with living costs going up and wages not increasing; there was also a particular reference to pensioners not being able to afford this increase. Some respondents indicated they could afford but they were concerned that this increase would put a burden on low income families.

5.7.24 Other frequently mentioned reasons were that respondents felt Council Tax is already too high; that the council should make more efficiency savings and reduce waste, for example downsizing staff and having better regulation to reduce waste; that the Government should pay more and take more responsibility; and savings or cuts should be made from existing budgets not via the taxpayer.

Analysis of demographic sub-groups who are significantly more likely to support or oppose the proposal to apply a further 3% social care precept increase in 2018/19

5.7.25 The Citizens' Panel demographic sub-groups responses have also been analysed to identify which groups have a statistically significantly different response from the overall response. The sample size and the lack of completion of the demographic questions from the public consultation is too small to draw any significant conclusions in terms of demographics.

5.7.26 The analysis of the Citizens' Panel data found that some demographic sub-groups stand out in their responses:

- Respondents aged between 45 – 54, living in the Finchley and Golders Green constituency, of Jewish faith or of white ethnicity are **more likely to support** the proposal to apply a 3% social care precept.
- Respondents who are retired, aged 65+ are **more likely to support** and **less likely to oppose** the 3% social care precept.
- Respondents of a non-white (Asian, black or other) ethnicity are **less likely to support** the proposal to apply a 3% social care precept.

Proposals for closing the remaining budget gap of £6.7 million by 2020

5.7.27 Respondents were presented with the following three options for closing the remaining budget gap of £6.7million by 2020:

- The Council should exercise its flexibility to raise general Council Tax by up to 1.99% in 2018/19
- The Council should reduce the level of investment in infrastructure in 2018/19
- The Council should find further savings within the Theme Committees in 2019/20.

5.7.28 Respondents were first asked to indicate to what extent they support or oppose each option, and then asked to rank each option in order of their preference.

Level of support for each option to close the budget gap

5.7.29 Both the Citizens' Panel and respondents from the public consultation **gave two options equal support. These were to: 'raising general Council Tax by up to 1.99% in 2018/2019', and 'find further savings within the Theme Committees 2019/2020'**. Just over half of both samples supported these two options.

5.7.30 However, the Citizens' Panel were less likely to indicate they opposed raising Council Tax (29%) compared to the general public consultation (39%), and conversely the panel were more likely to say they 'neither support or oppose' (16%) compared to the general public (4%).

5.7.31 A further 3% of the Citizens' Panel and the public consultation respondents indicated they 'don't know or were not sure'

5.7.32 **Both samples were much less supportive of the option 'reducing the level of investment in infrastructure in 2018/19'.** The panel was slightly more likely to oppose this option compared to respondents from the general public consultation:

- Only 23% of the panel supported this option, with the majority opposing it (61%).
- Just slightly more respondents from the public consultation supported this option (34%) compared to the panel. However, their views were more mixed, with only 44% opposing this option and the remainder indicated they were neither support or oppose (13%) or indicated they 'Don't know /Not sure' (9%).

5.7.33 **Analysis of Citizens' Panel demographic sub-groups of who are more likely to support or oppose raising the general Council Tax by up to 1.99%.**

- Respondents who are owner occupier or of a Jewish faith are **more likely to support** the option of raising the general Council Tax by up to 1.99% in 2018/19.
- Respondents from the Chipping Barnet constituency, Finchley and Golders Green constituency, aged 45-54, aged 65+, white ethnicity or retired are **more likely to support** and **less likely to oppose** raising general Council Tax by up to 1.99%.
- Respondents from Hendon constituency or non-white ethnicity (Asian, black or other) are **less likely to support** and **more likely to oppose** raising general Council Tax by up to 1.99%.

Analysis of demographic sub-groups on who are more likely to support or oppose finding further savings within the Theme Committees in 2019/20.

- Respondents who are female or Asian ethnicity are **more likely to support** and **less likely to oppose** finding further savings within the Theme Committees in 2019/20.
- Respondents who are of Christian faith are **less likely to support** finding further savings within the Theme Committees.

- Respondents who are male, aged 35 - 44 or aged 45 - 54 are **less likely to support** and **more likely to oppose** finding further savings within the Theme Committees.
- Respondents who have a white ethnicity, owner occupiers or no religion are **more likely to oppose** finding further savings within the Theme Committees.
- Respondents who are of a non-white ethnicity are **less likely to oppose** finding further savings within the Theme Committees.

Analysis of Citizens' Panel demographic sub-groups on who are more likely to support or oppose reducing the level of investment in infrastructure

- Respondents from Hendon constituency or rent from a private landlord are **more likely to support** and **less likely to oppose** reducing the level of investment in infrastructure.
- Respondents in Chipping Barnet constituency are **less likely to support** and **more likely to oppose** reducing the level of investment in infrastructure.
- Respondents with a white ethnicity are **more likely to oppose** reducing the level of investment in infrastructure.
- Respondents from a non-white ethnicity or a Christian faith are **less likely to oppose** reducing the level of investment in infrastructure.

Ranking of options to close the budget gap to 2020

5.7.34 When asked to rank these options in order of preference, the Citizens' Panel's first preferred option was 'find further savings within Theme Committees in 2019/2020', and then their second preferred option was 'raise general Council Tax by up to 1.99% in 2018/2019 – although these were ranked very closely; this was followed by reducing the level of investment in infrastructure in 2018/19 to help meet the budget gap.

5.7.35 In summary Citizens' Panel preferred options are as follows:

- 1st preferred option: find further savings within the Theme Committees in 2019/20
- 2nd preferred option: raise general Council Tax by up to 1.99% in 2018/20
- 3rd preferred option: reduce the level of investment in infrastructure in 2018/19.

However, the general public respondents put 'raise general Council Tax by up to 1.99% in 2018/2019' as their first preferred option and their second preferred option as 'find further savings within the Theme Committees in 2019/20'. Like the Citizens' Panel their third preferred option was to 'reduce the level of investment in infrastructure in 2018/19'.

5.7.36 Analysis of Citizens' Panel demographic sub-groups who are more likely to rank these options in the order specified at 1.1.35:

The Citizens' Panel ranked find further savings within the Theme Committees in 2019/20 as their 1st preference:

- Respondents with a non-white ethnicity (Asian, black or other) are **more likely** to rank this option as their first choice.
- Respondents aged 65+ or white ethnicity **less likely** to rank this as their first option.

The Citizens' Panel ranked raise general Council Tax by up to 1.99% in 2018/19as their 2nd preference:

- Respondents from a non- white ethnicity, Christian faith or are disabled **more likely** to rank this as their second choice.
- Respondents from a white ethnicity, Atheist faith or have no disability are **less likely** to rank this as their second choice.

The Citizens' Panel ranked reduce the level of investment in infrastructure in 2018/19 as their 3rd preference:

- Respondents aged 45 -54, owner occupiers or Jewish faith are **more likely** to rank this as their third choice.
- Respondents from the Hendon constituency or rent from a private landlord and **less likely** to rank this as their third choice.

Alternative options that the council has not considered to help generate income or make savings

5.7.37 Respondents were asked if they had any suggestions for alternative options that the Council had not considered to help generate income or make savings. 126 panel members and 52 respondents from the general public consultation wrote in alternative suggestions.

5.7.38 The most frequently mentioned suggestions were around bringing services back in house and reducing out sourcing; followed by reducing Council staff and capping Council staff salaries and allowances; generating income through increasing fines - for example through increased parking charges or fines on fly tipping, littering and applying a congestion toll; increasing housing tax for landlords or who own more than one property and have empty houses. Others mentioned cutting benefits and reducing income support.

Overall budget and savings for 2018/19

5.7.39 The Citizens' Panel were not asked questions on the overall budget and savings and/or income proposals within each Theme Committee for 2018/19.

5.7.40 The consultation findings outlined on the following pages are from the general public consultation only.

5.7.41 The general public consultation were asked if they had any comments to make on the overall budget, in particular on how the 2018/19 proposed savings have been divided across the Theme Committees. Of those who responded to the whole general public consultation 39 out of 108 gave a response to this question.

5.7.42 The four most common themes were concerns about: out sourcing; the high savings to Children's Services; the high savings to Adults and Safeguarding; and the need for more information to be able make a comment – for example Theme committees are too broad to comment, or need employee's salary and pension figures.

Theme Committee Savings and/or Income Proposals 2018/19

5.7.43 The general public consultation were asked the following questions on the saving and/or income proposals within each Theme Committee for 2018/19:

- Overall, to what extent do you agree or disagree with the savings and/or income proposals within each Theme Committee's budget for 2018/19?
- Do you have any comments or alternative suggestions to make about the individual savings and/or income being proposed within this committee for the 2018/19 budget?

Table 1 summarises the headline findings on the extent to which respondents agree or disagree with the savings proposed within each committee.

Table 1: Summary of headline findings on the extent to which public consultation respondents agree or disagree with the savings proposed within each Committee.

Theme Committee	Consultation Findings[2]
Policy and Resources	Opinion was mixed on the savings and/or income proposals within this committee, with no clear majority agreeing or disagreeing. 41% (23 out of 57 respondents) agree with the savings proposals. 30% (17 out of 57 respondents) disagree, and the remainder neither agree nor disagree 21% (12 out of 57) or don't know 9% (5 out of 57).
Adults and Safeguarding	More respondents agree rather than disagree with the savings and/or income generation proposals within the Adults and Safeguarding Committee. Just under half (47%, 20 out of 43 respondents) agree with the savings and/or income proposals within the Adults and Safeguarding Committee. 30% (13 out of 43 respondents) disagree, and the remainder neither agree nor disagree 19% (8 out of 43) or don't know 5% (2 out of 43).
Children, Education, Libraries and Safeguarding	Respondents are more likely to disagree with the proposed savings and/or income proposals within the Children,

[2] Where percentages do not add up to 100 this is due to rounding.

Theme Committee	Consultation Findings[2]
	Education, Libraries and Safeguarding Committee rather than agree. 34% (19 out of 57 respondents) agree with these savings and/or income proposals. Half of respondents (49%, 28 out of 57 respondents) disagree. The remainder neither agree nor disagree 12% (7 out of 57) or don't know 5% (3 out of 57).
Environment	In Environment Committee, respondents are more likely to disagree with the savings and/or income proposals rather than agree. 29% (16 out of 55 respondents) agree with the savings and/or income proposals within the Environment Committee compared to 42% (23 out of 55 respondents) who disagree. The remainder neither agree nor disagree (24%, 13 out of 55) or don't know 5% (3 out of 55). .
Assets, Regeneration and Growth	Opinion on Assets, Regeneration and Growth Committee savings and/or income proposals were slightly more mixed within this committee. Slightly more respondents agree with the proposed savings within this committee than disagree. 44% (17 out of 39 respondents) agree with this committee's savings and/or income proposals, whereas 33% (13 out of 39 respondents) disagree, and the remainder neither agree nor disagree (21%, 8 out of 39) or don't know 3% (1 out of 39).
Community Leadership	Again, opinion on Community Leadership Committee's budget proposals were mixed within this committee. Slightly more respondents agree with the budget being proposed within this committee than disagree. 38% (17 out of 45 respondents) agree with the budget within this committee, 27% (12 out of 45 respondents) disagree and 33% (15 out of 45 respondents) neither agree nor disagree or don't know (2%, 1 out of 45).
Housing	In the Housing Committee the same proportion agree as disagree with the budget being proposed in this committee. 33% (13 out of 40 respondents) agree with the budget in Housing Committee and 33% disagree (13 out of 40) respondents. The remainder neither agree nor disagree (28%, 11 out of 40 respondents) or don't know (8 %, 3 out of 40 respondents). .

5.7.44 Detailed analysis on the open-ended questions for each committee is provided in Appendix H.

5.8 Insight

5.8.1 The Adults and Safeguarding and Children's, Education, Libraries and Safeguarding proposals have been developed using the Joint Strategic Needs Assessment (JSNA) which outlines the current and projected needs of the borough's population.

5.8.2 All the proposals have used evidence of best practice and guidance (such as NICE guidance), where available and relevant, to develop their initiatives.

6. BACKGROUND PAPERS

Committee	Item & Agenda	Link
Full Council 7 March 2017	Item 1 Business Planning 2017-20	https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8819&Ver=4
Policy and Resources Committee 27 Jun 2017	Item 15 Business Planning 2017-20	https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8736&Ver=4
Policy and Resources Committee 5 December 2017	Item 10 Business Planning - Medium Term Financial Strategy and Draft Budget for 2018-19	https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8739&Ver=4
Adults and Safeguarding Committee 6 November 2017	Item 7 Business Planning	https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=698&MId=9233&Ver=4
Assets, Regeneration and Growth Committee 27 November 2017	Item 7 Business Planning	https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=9435&Ver=4
Assets, Regeneration and Growth Committee 27 November 2017	Item 13 Open Market Purchase of Affordable Housing	https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=9435&Ver=4
Children's Education, Libraries and Safeguarding Committee 17 November 2017	Item11 Business Planning 2018/19	https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=697&MId=8694&Ver=4
Community Leadership Committee 22 November 2017	Item 13 Business Paper	https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=694&MId=8724&Ver=4
Environment Committee 7 November 2017	Item 8 Business Planning 201819 - 201920	https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=695&MId=9221&Ver=4
Housing Committee 23 October 2017	Item 11 Housing Revenue Account (HRA) Business Plan	https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=699&MId=9237&Ver=4
Environment Committee 11 September 2017	Item 8 Draft Tree Policy	https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=695&MId=9220&Ver=4

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Enabling Board / Delivery Board		
Commissioning and Policy		
Equalities & Diversity		
HR Business Partner		
Strategic Procurement		
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