	Financial Performance and Contracts Committee **17 December 2018**
Title	**Chief Financial Officer Report Period 7 (October 2018)**
Report of	Director of Finance (Section 151 Officer)
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A: Revenue forecast Appendix B: Capital forecast
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Summary

This report contains a summary of the Council's capital and revenue financial performance for the financial year 2018/19. It also contains information on the level of debt, debtors and treasury performance for the period to 31st October 2018. Additionally, the report provides a narrative on strategic financial issues affecting the Council during the period.

Officers Recommendations

1. The Committee is asked to note the 2018/19 revenue forecast outturn, as detailed in Table 1 and in Appendix A;

2. The Committee is asked to note the savings anticipated to be delivered in 2018/19, as detailed in Table 5;

3. The Committee is asked to note the level of reserves and balances as detailed in Tables 9 and 10;

4. The Committee is asked to note the 2018/19 capital forecast outturn, as detailed in Table 6 and in Appendix B;

Officers Recommendations
5. The Committee is asked to note the treasury position outlined in section 2.4.
6. The Committee is asked to note the debtors position outlined in section 2.5.
7. The Committee is asked to note the strategic financial matters outlined in section 3.

1. Executive Summary

1.1 This report provides an overview of the council's forecast financial outturn for the 2018/19 financial year. In addition, the report provides a high-level update on other strategic financial matters relevant to the Council as at October 2018.

1.2 At period 7 the General Fund revenue forecast for 2018/19 is a gross overspend of £5.965m. This forecast is stated before the contribution from specific and general earmarked reserves totalling £3.891m. Including these reserve movements, the forecasted net overspend is £2.074m.

1.3 This financial forecast displays no net movement overall since period 6, however there are several compensating movements which should be noted. The most significant of which are set out below:

<u>Adults and Communities</u>
Additional funding of £1.4m has been confirmed from central government relating to anticipated winter pressures.

<u>Assurance</u>
Previously declared mitigating actions in relation to the HB Public Law overspend are not materialising therefore the forecast has been amended to reflect this (£0.345m).

<u>Commissioning Group</u>
The forecast costs of the HR service have been revised downwards resulting from budget recovery actions (£0.423m) together with an underspend on substance misuse contracts (£0.177m).

<u>CSG and Council Managed Budgets</u>
The forecast for the CSG core contract fee has increased following the calculation of indexation which needs to be applied (£0.547m).

<u>Children's Services</u>
There has been an increase in pressures resulting from rises in staffing projections £0.400m, placement pressures £0.900m and non-pay pressures. Staffing pressures have increase owing to delays in converting agency staff to permanent and vacant positions being recruited to. Placement pressures have increased due to reviews of Section 17 placements, internal fostering commitments and residential placements.

<u>Re</u>
Additional government funding has been announced, of which £0.100m will be applied to support the revenue budget in delivery of significant repairs to highways.

1.4 Since the production of the period 7 forecasts the council has successfully negotiated a commercial settlement with Capita in respect of historical disputes. The settlement of £4.120m will be included within the period 8 figures and will directly benefit the revenue outturn position and therefore the level of reserves. For the avoidance of doubt, this settlement figure is not included in the period 7 forecast outturn.

1.5 The General Fund balance as at 1 April 2018 was £15.083m (excluding schools' balances). The forecast overspend for the year if allocated to the General Fund balance would reduce the level of the balance to £13.009m.

1.6 The council has set aside specific amounts as reserves for future policy purposes or to cover contingencies. As at 31 March 2018, the council held reserves of £75.755m. Net drawdowns from earmarked reserves of £29.012m are forecast as at month 7 which would result in total earmarked reserves as at 31 March 2019 of £46.743m. The £29.012m reserve drawdown consists of £3.891m to support the in-year revenue position and £25.1m of other drawdowns. These 'other' drawdowns principally consist of £19.697 CIL drawdown and £4.040m to underpin the MTFS. Full details of forecast drawdowns can be found in table 11.

1.7 The forecast as at 31st October 2018 on the council's 2018/19 capital programme is £284.959m, £246.719m of which relates to the General Fund programme and £38.240m to the HRA capital programme. This is £6.396m less than the currently approved 2018/19 budget of £291.356m.

1.8 The Prudential Indicators have not been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

1.9 As at 31 October 2018, deposits were £49.800m, achieving an average annual rate of return of 0.82% against a benchmark average (London Interbank Bid Rate - LIBID) of 0.60%. The benchmark is the rates that banks pay to attract deposits from other banks.

1.10 The total value of long-term loans as at 31 October 2018 was £304.08m. There has been no new external long-term borrowing in the 2018/19 financial year to date, but the council did borrow £15m on a short term basis on the 1st of November 2018. The average interest rate for long-term borrowing is 3.86%. The short term borrowing was taken at a rate of 0.9%pa for a period of 6 months.

1.11 The total sundry debt owed to the Council as at 31st October 2018 was £27.4m. Between September and October 2018 overall debt increased by £1.726m, and the value of debts aged over 90 days increased by £1.689m.

1.12 The council expects to use £3.7m of reserves to set a balanced budget for 2019/20. A budget gap of £5.2m is currently forecast for 2020/21, which is assumed to be 50% (£2.6m) funded from reserves. The reduced use of reserves to balance the gap is in keeping with the council's overarching financial strategy of eradicating the use of one-off funding to balance the budget over the MTFS period.

2 Financial Considerations

2.1 Revenue Forecast

General Fund

2.1.1 At period 7 the General Fund revenue forecast for 2018/19 is a gross overspend of £5.965m (see table 1 below). This forecast is stated before the contribution from specific and general earmarked reserves totalling £3.891m. Including these reserve movements, the forecasted net overspend is £2.074m. Since the production of the period 7 forecasts the council has successfully negotiated a commercial settlement with Capita in respect of historical disputes. The settlement of £4.120m will be included within the period 8 figures and will directly benefit the revenue outturn position.

2.1.2 All proposed reserve drawdowns and contributions will be considered and approved, if appropriate, later in the financial year. It is important to note that these reserve movements are over and above the planned use of £4.040m of reserves in balancing the budget.

2.1.3 The original budget approved by Council in March of each year is revised during the year to reflect movements between budgets and the allocation of contingency held within central expenses. All movements from contingency above £0.250m must be approved by Policy and Resources Committee. Significant allocations from contingency during 2018/19 to date include £2.333m allocated to fund pressures in Family Services (first reported at period 4).

2.1.4 At the Policy and Resources Committee on 23rd October approval was sought to allocate additional funds from the council's contingency budget. These movements have been reflected in Table 1 below. Additionally, it was announced that additional government funding would be made available in year towards Adult Social Care. This has been reflected in this report.

Table 1: General Fund Revenue Forecast

Service	Revised Budget £000	Period 7 forecast £000	Variance from Revised Budget Adv/(fav) £000	Reserve Movts £000	Period 7 Forecast after Reserve Movts £000	Variance after Reserve Movts Adv/(fav) £000	Variance explained in the paragraphs below
Adults and Communities	95,497	95,995	498	(600)	96,395	(102)	2.1.7
Assurance	6,344	8,667	2,323	(879)	7,788	1,444	2.1.12
Central Expenses	44,125	41,989	(2,136)	-	41,989	(2,136)	2.1.13
Commissioning Group	36,429	36,298	(131)	(1,364)	34,934	(1,495)	2.1.14
CSG and Council Managed Budgets	24,952	26,363	1,411	-	26,363	1,411	2.1.18
Children's Services	66,657	68,879	2,222	(918)	67,961	1,304	2.1.19
Housing Needs and Resources (Barnet Homes)	6,926	6,950	24	-	6,950	24	2.1.22
Regional Enterprise (Re)	689	2,170	1,481	(130)	2,040	1,351	2.1.24
Street Scene	11,711	11,984	273	-	11,984	273	2.1.25
Total	**293,330**	**299,295**	**5,965**	**(3,891)**	**295,404**	**2,074**	

2.1.5 The forecasted overspend as at Period 7 (after reserve movements) has remained the same overall since the forecast reported at period 6. The main movements are shown in Table 2 below and laid out in more detail in 2.1.7 onwards. All previous reports (including period 6) can be found on the council's website with the following link https://open.barnet.gov.uk/dataset/budget-monitoring-reports

Table 2: Movement from Period 6 Forecast

Service	Period 6/Quarter 2 forecast variance £000	Period 7 forecast variance £000	Increase / (Decrease) £000	Explanation for significant movements
Adults and Communities	1,232	(102)	(1,355)	Inclusion of 18/19 Winter Pressure funding (£1.400m) and a workforce budget increase for Employer Pensions contribution increase.
Assurance	1,099	1,444	345	Previously declared mitigating actions in relation to the HB Public Law overspend not materialising
Central Expenses	(2,045)	(2,136)	(91)	Higher demand on the corporate contingency budget
Commissioning Group	(895)	(1,495)	(600)	Over forecasted human resources staffing costs (£0.423m) and Public Health underspend on Health and drugs and alcohol
CSG and Council Managed Budgets	864	1,411	547	Application of the latest contract indexation to the core contract fee
Children's Services	-	1,304	1,304	Increase in pressures resulting from increases in staffing projections £0.400m, placement pressures £0.900m and non-pay pressures. Staffing pressures have increase owing to delays in converting agency staff to permanent and vacant positions being recruited to. Placement pressures have increase due to reviews of Section 17 placements, internal fostering commitments and residential placements.
Housing Needs and Resources	31	24	(7)	Minor movement
Re	1,451	1,351	(100)	Application of £100k grant from Local Transport Capital Funding (£690k awarded to LBB remainder allocated to capital)
Street Scene	336	273	(64)	Additional savings achieved within the Grounds Maintenance (Front Line) budget.
Total	**2,073**	**2,074**	**1**	

2.1.6 The main reasons for the forecast overspend of £2.074m as at Period 7 are set out below. Further detail can be seen in Appendix A.

2.1.7 The revenue budget for **Adults and Communities** is projected to underspend by £0.102m which represents 0.1% of the overall budget. The position has improved by £1,335k compared with month 6, due to the inclusion of 18/19 Winter Pressure funding (£1.400m) and a Workforce budget increase of £87k for Employer Pensions contribution increase. The position is reported after mitigating actions, if these are not achieved it will lead to an increased pressure. Risks in the assumptions are monitored monthly and could result in an overspend of £1.885m, if all materialise.

2.1.8 The Mental Health service reported an overspend by £0.344m at period 6 due to activity growth in supported living and nursing care. There have been 40 new care packages for existing clients that have commenced since Period 3/Quarter 1, and 8 new clients in the last month. This is being mitigated through the allocation of £0.350m Winter Pressure funding resulting in a period 7 forecast of £0.006m underspent.

2.1.9 Physical Disabilities services are overspending by £1.019m due to activity growth and increased complexity in homecare (£0.416m), nursing care (£0.245m), supported accommodation (£0.124m), residential care (£0.068m) and direct payments (£0.132m). Most of the pressure is due to the full year effect of new clients, who entered services during 2017/18. This is being partly mitigated by the allocation of £0.175m Winter Pressures income resulting in a forecasted overspend at period 7 of £0.844m

2.1.10 Older Adults are forecasting an underspend of £0.740m, this is largely due to the addition of winter pressures income £0.875m negated by an overspend of £0.135m relating to ongoing pressures in homecare.

2.1.11 Non-placements budgets are forecasting a net underspend of £0.122m. The underspend is largely due to Equipment and Adaptation as a result of planned capitalisation of the cost of large items of equipment via the Disabled Facilities Grant (DFG) budget, offset by overspends on Mosaic and IT staffing, and in Deprivation of Liberty safeguards (DOLs) assessment costs £0.145m.

2.1.12 The overspend of £1.444m in **Assurance** is driven by the HB Public Law contract. This is a demand-led service and in this year to date, demand has exceeded the available budget. The increase in the forecast since period 6 is due to lower than anticipated income from external sources.

2.1.13 **Central Expenses** is projecting an underspend of £2.136m which represents 4.8% of the overall budget. The underspend relates mainly to capital financing costs, due to slippage on the capital programme, and levies. The significant underspend on capital financing is partially offset by the one-off cost of pension strain arears due to the Pension Fund.

2.1.14 **Commissioning Group** is forecasting an underspend of £1.495m which represents 4.1% of the overall budget.

2.1.15 The underspend is primarily as a result of the Special Parking Account which is expected to exceed its income target resulting in an underspend of £1.377m. In addition, there is forecasted underspends from Public Health (£0.138m) and the North London Waste Authority Levy (£0.285m).

2.1.16 The forecasted underspends are partially offset by an overspend in Human Resources, which are projecting an overspend of £0.293m. The activity in this area is greater than budgeted, including an ongoing commitment for organisational development resources and a one-off cost pressure resulting from implementation of a new recruitment system. The overspend is however significantly reduced since period 6 as a result of reduced forecasted staff costs.

2.1.17 The most significant risks to the forecast are a risk to Parking and infrastructure where the budgets are based on a mild winter, if there is a severe winter the SPA may not be able to absorb the impact, and to Greenspaces where expenditure in capital projects may not meet the definition of capital expenditure meaning it needs to be charged to revenue.

2.1.18 The overspend for **CSG and Council Managed Budgets** is £1.411m. The overspend is due to Estates repair and maintenance budget (£0.979m), retained income lines (£0.872m) that include historical unachievable income targets of £1.3m but partially offset by recovery of court costs being higher than budgeted. This is reduced by an underspend on the CSG core contract Fee (£0.440m) due to the application of service credits on the contract. The core fee underspend has reduced since period 6 as a result of the application of the latest contract indexation.

2.1.19 **Children's Services** are currently reporting an overspend of £1.304m, 2% of the overall budget. The realisation of pressures in the system has resulted in the reported pressure. Children Services gross pressures at the start of 2018/19 were £12.375m in addition, the service had savings of £2.337m to achieve, the majority of these pressures have been mitigated and the savings achieved. The overspend of £1.304m has arisen as a result of increases in staffing projections of £0.400m, placement pressures of £0.900m and non-pay pressures. Staffing pressures have increased because of delays in converting agency staff to permanent and vacant positions being recruited to. There are 26 posts that are on-boarding. Each week delays costs of approximately £1,500. Placement pressures have been realised due to reviews of Section 17 (Safeguarding the welfare of children in need) an increase of 10 placements £0.251m (from Quarter 2), internal fostering commitments £0.197m and residential placements £0.188m (an increase of 2 new placements and one change in placement costs within month 7) and delays in care leavers moving from semi-independent placements to stepping stone accommodation.

2.1.20 The nature of services provided to children and families by Family Services manage significant levels of risk. The implementation of the Barnet Children's Services Improvement Action Plan based on inspection findings and recommendations reduce this risk and drive forward improvements towards good quality services.

2.1.21 The month 7 position requires mitigating actions by management to deliver a reduction of agency spend of £1.000m. The forecast builds in new placements of £0.344m, however due to the often need to meet emergency situations expenditure can fluctuate month on month. The overall position assumes grant announced in 2017/18 will continue (at present this has not been confirmed). There is an assumption that charges from other departments will be within the allocated budget including legal.

2.1.22 The forecasted overspend of £0.024m for **Housing Needs and Resources** represents 0.3% of the total Delivery Unit budget.

2.1.23 The forecast includes mitigations in place including acquisition of affordable properties to replace temporary accommodation, additional Flexible Homelessness Support Grant and appropriate recharging of costs to the HRA.

The current main risks to the forecast are around increases in demand for temporary and emergency accommodation. There are currently approximately 1,600 households in temporary accommodation. It is expected the cost of servicing these properties will be £24.400m in 2018/19.

2.1.24 The forecast for **Re** is an overspend of £1.351m. The variance primarily relates to a £1.160m adverse variance as a result of a shortfall in net income as it is budgeted within both the General Fund and the HRA (this matter has been corrected in 2019/20). Additionally, there are £0.185m of LIP (Local implementation plan) pressures due to negotiated fees being higher than budgeted.

2.1.25 This forecast position could be affected by (i) the Grahame Park Community facility capital project which has a risk of being aborted. If this occurs there will be an additional £0.640m risk to the revenue position and (ii) where further income is counted towards guaranteed income but not reflected in the Re budget. The business planning paper being considered by the Policy and Resources Committee on the 11th of December 2018 seeks to set up a facility to fund abortive capital scheme costs.

2.1.26 The overspend of £0.273m for the **Street Scene** service represents 2.3% of the total Delivery Unit budget. The bottom line forecast overspend is due to delays in withdrawing the separate food waste collection service. The delay has been as a result of the Mayor of London's request that Barnet enter consultation with his office regarding the withdrawal. As such the savings, a significant proportion of which would have been made in the school holidays by a reduction in agency spend to cover annual leave, are yet to be made.

2.1.27 In year pressures within waste and recycling are being offset by savings across the rest of the service while the collection round reorganisation is being planned and implemented.
The main risks to the current forecasted outturn position are in relation to the reduction of agency staff and the savings from restructuring not being fully delivered.

Housing Revenue Account (HRA)

2.1.28 The Housing Revenue Account (HRA) has a budgeted contribution from balances of £0.754m in 2018/19. The forecast for the year as at 31 October 2018 is a deficit of £0.823m, thus there is a forecast balance of £14.180m as at 31 March 2019.

Table 3: Housing Revenue Account Forecast

	Revised Budget £000	Period 7 Forecast £000	Variance from Budget Adv/(Fav) £000
Dwelling rents	(49,810)	(49,985)	(175)
Service and other charges	(9,133)	(8,676)	457
Housing management	20,375	20,359	(16)
Repairs and maintenance	7,570	7,570	-
Provision for bad debts	250	250	-
Regeneration	837	664	(173)
Capital charges	30,760	30,760	-
Interest on balances	(95)	(119)	(24)
Total	**754**	**823**	**69**

2.1.29 The main reasons for the variance from budget are set out below.

2.1.30 **Income** - Dwelling rents are projected to over recover by £0.175m compared with the revised budget. This is mainly due to lower than expected rental loss from stock loss through sales and the regeneration programme. Tenant service charges, leasehold contributions and other non-dwelling income (e.g. garage income) are currently projected to under recover by £0.457m based on activity to Period 7.

2.1.31 **Expenditure** - Housing management costs mainly reflect the core management fee of £17m paid to Barnet Homes to manage the housing stock. There is a forecast underspend of £0.016m, this has reduced since period 6 as a result of increased recharges from HNR housing option and other general fund budgets.

2.1.32 The repairs and maintenance budget of £7.570m relates to the management fee paid to Barnet Homes for the repair and maintenance of housing stock and refurbishment of properties when they become void. The current forecast is to budget.

2.1.33 The housing regeneration forecast shows an underspend of £0.173m due to costs being partially recovered from developers on a number of regeneration schemes at Dollis Valley, Grahame Park, Stonegrove, West Hendon and Granville Road.

Dedicated Schools Grant (DSG)

2.1.34 The DSG budget for 2018/19 has been revised to take into account the brought forward reserve of £0.501m. All blocks with the exception of High Needs are forecast to spend to budget. The High Needs block is forecasting an overspend of £1.002m due to top-up funding for high needs pupils.

2.1.35 The high needs funding system supports provision for vulnerable children and young people, principally those with special educational needs and disabilities (SEND), from their early years to age 25, enabling both local authorities and providers to meet their statutory duties under the [Children and Families Act 2014](). High needs funding is also intended to support good quality Alternative Provision for pre-16 pupils who cannot receive education in schools.

2.1.36 DSG High Needs funding has not kept up with inflation or the rate of demographic growth in recent years, whereas demand, driven by a mixture of demographic change, the growing complexity of needs and the new framework created by the SEN reforms, has grown significantly. Local authorities across England are facing similar problems and many are known to have faced significant overspending on their High Needs budgets.

2.1.37 The £0.501m carry forward has as planned been offset against the position, giving a total projected overspend of £1.002m. Table 4 below summarises the DSG position.

2.1.38 It should be noted that the current DSG forecasted overspend on the High Needs Block will take the DSG reserve into a negative balance. There is also a risk that this overspend will increase and further analysis is being carried out to quantify the risk. The council is able to carry forward a negative balance on this reserve for a limited period subject to having a robust recovery plan in place.

2.1.39 The council is currently consulting with schools and the Schools Forum about a proposal to transfer 0.5% of the schools block funding (£1.26m) into the High Needs block for 2019-20. If the schools forum turns down a proposal from the authority to move funding out of the schools block, but the authority wishes to proceed with the transfer, it must submit a disapplication request to the Secretary of State by 30 November. The Children, Education and Safeguarding Committee will consider this at its meeting on 29th November.

2.1.40 There have been no previous transfers between funding blocks under the new ring-fenced arrangements for funding blocks. In previous years there has been underspending in the overall Schools Budget, which helped to create reserves that could be used to address new pressures, such as the need to allocate ‘growth funding’ for new and expanding schools. However, the reserves have gradually been used up, largely to pay for growth funding and because of the growing pressures on the High Needs budget.

2.1.41 Across the country a significant number of local authorities have sought agreement to such transfers for 2018-19 from their Schools Forum and have secured agreement. This is a reflection of the fact that there is an overall shortfall in the High Needs Block nationally. ‘London Councils’ is continuing to lobby the Government to request this is dealt with as part of the Comprehensive Spending Review.

2.1.42 A recovery plan is also in place to secure savings within the High Needs Block. Savings of £1.2m have already been achieved and plans are in place to achieve further savings of over £1m in 2019-20, rising to £2m in 2020-21. Combined with the proposal to transfer 0.5% of the schools block (£1.26m) to the High Needs block in 2019-20, this should remove the deficit next year, provided demand pressures are in line with current forecasts.

Table 4: Dedicated Schools Grant

	Revised Budget £000	Quarter 2 Forecast £000	Variance from Budget Adv/(Fav) £000
Schools			
- Individual Schools Budget	141,056	141,056	-
- Growth Fund	984	984	-
- Central schools expenditure	1,268	1,268	-
- ESG retained funding	852	852	-
Sub-total	**144,160**	**144,160**	**-**
Early Years Block	28,392	28,392	-
High Needs Block	44,309	45,311	1,002
Sub-total	**216,861**	**217,863**	**1,002**
DSG Income	(216,360)	(216,360)	-
DSG c/f	(501)	(501)	-
DSG Total	**-**	**1,002**	**1,002**

Savings

2.1.43 In 2018/19 the council budgeted to deliver £11.287m of savings. Table 5 below summarises by Theme Committee the value of savings that are expected to be achieved against the savings programme. In total, £9.622m of savings is expected to be delivered by year end, representing 85.3% of the target. Delivery of these savings is included in the forecasts reported in table 1.

Table 5: Savings 2018/19

Service	2018/19 MTFS Savings Target £000	Savings Expected to be Achieved £000	Savings Unachiev-able £000	Savings Expected to be Achieved %

Adults and Safeguarding	2,980	2,315	665	77.7
Assets, Regeneration and Growth	2,355	1,855	500	78.8
Children, Education and Safeguarding	2,692	2,692	-	100.0
Environment	1,915	1,915	-	100.0
Policy and Resources	1,345	845	500	62.8
	11,287	**9,622**	**1,665**	**85.3**

2.1.44 Adults and Safeguarding savings of £0.665m are unlikely to be achieved in 2018/19. £0.465m relates to moving clients into Moreton close, the construction of which will not complete until the end of the year. £0.150m is linked with savings from cases 0-25 years old which is currently under review but will not be resolved in 2018/19, and £0.050m is linked with lower than anticipated savings from the reduction of care agency usage by personal assistant employed directly by service users.

2.1.45 Assets, Regeneration and Growth unachievable savings of £0.500m will now not be achieved until 2019/20 as a result of the Office Move to Colindale taking place later than originally planned.

2.1.46 Policy and resources savings of £0.500m as part of the Customer transformation programme have been delayed until 2019/20

2.2 Capital Programme

2.2.1 The forecast as at 31 October 2018 on the council's 2018/19 capital programme is £284.959m, £246.719m of which relates to the General Fund programme and £38.240m to the HRA capital programme. This is £6.076m less than the 2018/19 budget of £291.356m which will be reported to Policy and Resources committee in December 2018. Table 6 below summarises the actual expenditure, budget and variance by service.

Table 6: Capital Forecast

Service	2018/19 Revised Budget £000	Additions/ (Deletions) £000	(Slippage)/ Accelerated Spend £000	Forecast £000	Variance from Budget £000	Variance from Budget %
Adults and Communities	2,850	-	(450)	2,400	(450)	(15.8)
Commissioning Group	59,974	(320)	(1,250)	58,404	(1,570)	(2.6)
Children's Service (Education and Skills)	31,092	-	(3,583)	27,509	(3,583)	(11.5)
Children's Service (Family Services)	7,568	-	224	7,792	224	3.0
Housing Needs and Resources (Barnet Homes)	67,595	-	1,673	69,268	1,673	2.5
Parking and Infrastructure	1,365	-	(30)	1,335	(30)	(2.2)
Re	76,821	-	(1,011)	75,810	(1,011)	(1.3)

Service	2018/19 Revised Budget £000	Additions/ (Deletions) £000	(Slippage)/ Accelerated Spend £000	Forecast £000	Variance from Budget £000	Variance from Budget %
Street Scene	4,201	-	-	4,201	-	-
General Fund Programme	**251,467**	**(320)**	**(4,427)**	**246,719**	**(4,747)**	**(1.9)**
HRA (Barnet Homes)	39,889	-	(1,649)	38,240	(1,649)	(4.1)
Total Capital Programme	**291,356**	**(320)**	**(6,076)**	**284,959**	**(6,396)**	**(2.2)**

2.2.2 Forecast capital expenditure for 2018/19 as at Period 7 totals £284.959m which is £6.396m (2.2%) lower than the current budget. The majority of service areas are forecasting slippage with one area forecasting a deletion. The principal variances from budget and the reasons for these are highlighted below. Further detail can be found in appendix B:

- **Adults and Communities** have forecasted slippage of £0.450m on the Mosaic project.
- As at month 7 **Commissioning** are forecasting slippage of £1.250m and a deletion of £0.320m. The deletion is as a result of the community centre fit out and the Tarling road community centre projects being combined and releasing funds that are no longer required. The slippage relates to the ICT strategy project where Office 360 costs will not be incurred until 2019/20.
- The **Children's Services (Education)** forecast £27.509m includes slippage of £3.583m, this is largely due to the Saracens and Grammar school projects now not starting until 2019/20 (£2.000m) and access issues causing delays to the Alternative provision project (£1.583m)
- The **Children's services** (**Family Services)** forecast of £7.792m includes accelerated spend of £0.224m. This is primarily due to accelerated spend on the child care and sufficiency project where the profile of funds has been refined
- The **Housing Needs and Resources** capital programme is showing accelerated spend of £1.673m. This is due to the Empty property project (1.000m) where three CPO's are expected to complete in 18/19 and the Micro sites project which is expected to now complete in 2018/19 (£0.673m).
- The **Parking and Infrastructure** programme is forecasting slippage of £0.030m. This is as a result of budget realignment on the on Highways permanent re-instatements project.
- The **Re** capital programme has decreased by £1.011m overall. The Town centre project is now not expected to start until quarter 4 generating £0.532m of slippage. land acquisitions project is showing slippage of £0.642m. Highway improvement, Travel plans, planned maintenance and road traffic act projects have all generated slippage following the priority works being agreed (£0.479m) The Graham Park community facility project relates primarily to the planning and design phase however there is still a risk that if planning permission cannot be sought the project will have to be aborted creating a risk to revenue.
- **Streetscene** is forecasting to budget.
- As at period 7, forecasted capital expenditure on the **HRA** capital programme is £38.240m against a revised budget of £39.889m, resulting in a forecast variance of £1.649m. The most significant movements are:-
  The Upper and Lower Fosters project is forecasting slippage of £1.124m following a review of the profile of the spend. The extra care pipeline project has identified

slippage of £0.631m following delays in leaseholder purchases. The voids and lettings project has accelerated spend of £0.380m following increases in the expected work required.

Funding of Capital Programme

2.2.3 Table 7 below shows the how the 2018/19 forecast capital programme is being funded.

Table 7: Funding of 2018/19 Capital Programme

Service Area	Grants £000	S106/ Other Contrib-utions £000	Capital Receipts £000	Revenue/ MRA £000	CIL £000	Borrow-ing £000	Total £000
Adults and Communities	-	-	-	-	-	2,400	2,400
Commissioning Group	2,000	-	8,521	-	20,761	27,122	58,404
Children's Service (Education and Skills)	22,507	5,002	-	-	-	-	27,509
Children's Service (Family Services)	-	-	1,524	-	4,437	1,831	7,792
Housing Needs and Resources	1,500	1,838	9,263	-	-	56,667	69,268
Parking and Infrastructure	-	-	1,160	-	-	175	1,335
Regional Enterprise (Re)	23,110	9,843	940	-	1,250	41,027	75,810
Street Scene	542	180	707	-	-	2,772	4,201
General Fund Programme	**49,659**	**16,503**	**22,115**	**-**	**26,448**	**131,994**	**246,719**
HRA	50	-	800	29,787	-	7,603	38,240
Total Capital Programme	**49,706**	**16,503**	**22,915**	**29,787**	**26,448**	**139,597**	**284,959**

2.2.4 Table 8 below shows the impact of the movements in the forecast of the capital programme when compared to the budget.

Table 8: Funding movements of 2018/19 Capital Programme

Service Area	Grants £000	S106 £000	Capital Receipts £000	Revenue/ MRA £000	CIL £000	Borrow-ing £000	Total £000
Adults and Communities	-	-	-	-	-	(450)	(450)
Commissioning Group	(20)	-	(1,214)	-	(16)	(320)	(1,570)
Children's Service (Education and Skills)	(2,583)	-	-	-	-	(1,000)	(3,583)
Children's Service (Family Services)	-	-	(79)	-	338	(35)	224
Housing Needs and Resources	-	454	1,219	-	-	-	1,673
Parking and	-	-	-	-	-	(30)	(30)

Service Area	Grants £000	S106 £000	Capital Receipts £000	Revenue/ MRA £000	CIL £000	Borrow-ing £000	Total £000
Infrastructure							
Regional Enterprise (Re)	(532)	(438)	-	-	(40)	(1)	(1,011)
Street Scene	(55)	55	-	-	-	-	-
General Fund Programme	**(3,190)**	**71**	**(74)**	**-**	**282**	**(1,836)**	**(4,747)**
HRA	-	-	(192)	337	-	(1,794)	(1,649)
Total Capital Programme	**(3,190)**	**71**	**(266)**	**337**	**282**	**(3,630)**	**(6,396)**

2.3 Reserves and Balances

General Fund Balance

2.3.1 The General Fund balance as at 1 April 2018 was £15.083m (excluding schools' balances). The forecast overspend for the year would, if applied, reduce the level of the General Fund Balance to £13.009m. However, the CFO has advised that the Council should not allow the balance to fall below £15m so alternate action will be necessary if the overspend does materialise.

Table 9: General Fund Balance

	£000
General Fund Balance brought forward 1 April 2018	**(15,083)**
Forecast adverse variance	2,074
Forecast General Fund Balance 31 March 2019	**(13,009)**

Earmarked Reserves

2.3.2 The council has set aside specific amounts as reserves for future policy purposes or to cover contingencies. As at 31 March 2018 the council held reserves of £75.755m. Net drawdowns from earmarked reserves of £29.012m are forecast as at Period 7 which would result in total earmarked reserves as at 31 March 2019 of £46.743m.

Table 10: Reserves

Service Area	Reserves b/fwd 1 April 2018 £000	Estimated Drawdown* £000	Estimated Contrib-utions/ new reserves raised/ transfers* £000	Reserves c/fwd 31 March 2019 £000
Central - Community Infrastructure Levy	22,560	(29,827)	10,000	2,733
Total Capital Reserves (GF)	**22,560**	**(29,827)**	**10,000**	**2,733**
Central - MTFS	30,374	(4,040)	-	26,334
Central - Service Development	2,056	(193)	-	1,863
Central – council tax and NNDR smoothing	3,038	-	4,390	7,428

Service Area	Reserves b/fwd 1 April 2018 £000	Estimated Drawdown* £000	Estimated Contrib-utions/ new reserves raised/ transfers* £000	Reserves c/fwd 31 March 2019 £000
Central - Transformation	3,432	(2,900)	-	532
Service - Central Expenses	880	(613)	150	417
Service – Family Services	1,079	(318)	-	761
Service - Commissioning	462	(16)	-	446
Service - Other	1,082	(474)	-	608
Total Revenue Reserves (GF)	**42,403**	**(8,644)**	**4,540**	**38,299**
Sub-total General Fund Earmarked Reserves	**64,963**	**(38,471)**	**14,540**	**41,032**
Service - DSG	501	(1,503)	-	(1,002)
Service - Housing Benefits	3,542	(430)	-	3,112
Service – North London Sub Regional Partnership (NLSR)	567	-	-	567
Service – local welfare provision	644	(500)	-	144
Service – GLL contract	341	-	-	341
Service – Syrian VPR	213	-	-	213
Service - Other	444	(13)	-	431
Service - Public Health	2,392	(1,220)	-	1,172
Special Parking Account (SPA)	2,148	(1,505)	-	643
Sub-total Ring-fenced Reserves	**10,792**	**(5,171)**	**-**	**5,621**
Total Earmarked Reserves	**75,755**	**(43,552)**	**14,540**	**46,743**

* subject to approval

Table 11: Estimated drawdown details

Title & Description	Use of reserves reported in the revenue forecast £000	Other planned reserve drawdowns and contributions	TOTAL
Barnet CIL (non admin fee)		(19,697)	(19,697)
Transformation Reserve		(2,900)	(2,900)
Balancing the MTFS reserve		(4,040)	(4,040)
Council tax and NNDR smoothing reserve		4,390	4,390
Area Committee		(16)	(16)
Community Budgets and Troubled Families	(318)		(318)
Service Development Reserve	(193)		(206)
Mayoral CIL 4% Admin Fee	(28)		(28)

Barnet CIL 5% Admin Fee Only	(102)		(102)
Local Elections Reserve		150	150
Local Elections Reserve	(613)		(613)
Corporate Anti-Fraud Team Reserve (CAFT)	(230)		(230)
Communications FTC funding'	(204)		(204)
Sports Development	(40)		(40)
Benefit Subsidy	(430)		(430)
Public Health	(1,220)		(1,220)
DSG		(1,503)	(1,503)
Local Welfare Provision	(500)		(500)
SHAPE (11501)	(13)		(13)
Special Parking Account		(1,505)	(1,505)
	(3,891)	**(25,121)**	**(29,012)**

Public Health Reserve

2.3.3 Included within earmarked reserves is the ring fenced public health reserve which, after proposed drawdowns, totals £1.772m. The service is identifying proposals to deliver better public health outcomes which may reduce it further.

Housing Revenue Account Balance

2.3.4 The Housing Revenue Account (HRA) has a budgeted contribution from balances of £0.754m in 2018/19. The forecast outturn for the year as at 31 October is a contribution of £0.823m, thus there is a forecast balance of £14.180m as at 31 March 2019.

Table 12: HRA Balance

	£000
HRA Balance brought forward 1 April 2018	**(15,003)**
Budgeted deficit	754
Variance from budget	69
Forecast HRA Balance 31 March 2019	**(14,180)**

Dedicated Schools Grant Balance

2.3.5 The DSG reserve as at 1 April 2018 was £0.501m which was budgeted to be drawn down. In addition, as at period 7, an in-year overspend is forecast which would result in the DSG balance being in deficit by £1.002m.

Table 13: DSG Balance

	£000
DSG Balance brought forward 1 April 2018	**(501)**
Budgeted drawdown	501
In-year overspend	1,002
Forecast DSG Balance 31 March 2019	**1,002**

2.3.6 The Schools Forum need to approve any carry forward of a DSG deficit on central expenditure to the following year, if it is to be funded from the schools' budget. Otherwise, the deficit will fall on the General Fund.

2.3.7 The options to reduce / limit the forecast deficit are as follows:

- Move 0.5% or less from the school block to the high needs block with Schools Forum approval. If the Schools Forum do not agree with the Council's proposal they may appeal to the Secretary of State who would adjudicate. A recovery plan will be needed. Internally the council already requires all services with an overspend to develop a recovery plan.

- Reduce the high needs top up rates for SEN pupils/ reduce out of borough education places, review central services and operate full cost recovery charging.

2.3.8 From the autumn term, there will be a new requirement for local authorities to report on how they will bring any deficit position back in line if the deficit is more than 1% of total DSG as at 31 March 2019; for LBB 1% equates to £2m.

2.4 Treasury Management

Investment Performance

2.4.1 Investment deposits are managed internally. As at 31 October 2018, deposits were £49.800m, achieving an average annual rate of return of 0.82% against a benchmark average (London Interbank Bid Rate - LIBID) of 0.60%. The benchmark is the rates that banks pay to attract deposits from other banks. The list of deposits as at 31 October 2018 are detailed in table 14

Table 14: Investments as at 31 October 2018

	Principal (£'000)	Interest Rate (%)	Start Date	Maturity Date	Lowest long term rating	Historic risk of Default (%)
Money Market Fund						
MMF Federated Investors	15,800	0.71			AAA	0.000
Total Money Market	**15,800**					
Local Authority Deposits						
THURROCK BOR COUNCIL	5,000	0.75	10-Nov-17	09-Nov-18	AA	0.001
BABERGH DISTRICT COUNCIL	4,000	0.80	20-Aug-18	20-Nov-18	AA	0.001
LONDON BOR OF SOUTHWARK	5,000	0.95	28-Mar-18	02-Jan-19	AA	0.004
Total Local Authority	**14,000**					
Banks						
LLOYDS BANK	5,000	0.85	02-Feb-18	04-Feb-19	A+	0.014
LLOYDS BANK	5,000	1.00	19-Jun-18	19-Jun-19	A+	0.034
AUSTRALIA & NEW ZEALAND BANK	5,000	0.96	06-Aug-18	06-Dec-18	AA-	0.002
SUMITOMO MITSUI BCE	5,000	0.77	16-Jul-18	16-Nov-18	A	0.002
Total Banks	**20,000**					
Total Investments	**49,800**	**0.82**				**0.006**

NB: All the above counterparties have a limit of £25 million. No limits are exceeded.

Borrowing

2.4.2 The council has operated within the Prudential Indicators with an emphasis on high quality secure borrowers in relation to investment activity and ensuring that funds remain available to meet cash requirements. The Local Government Act 2003 requires the council to set maximum limits on its total outstanding debt. During the period to 31 October 2018, there were no breaches of the Authorised Limit (maximum permitted debt) and the Operational Boundary (the value of debt considered affordable).

2.4.3 The council's timeframes and credit criteria for placing cash deposits and the parameters for undertaking any further borrowing are set out in the Treasury Management Strategy (TMS). The TMS Strategy for 2018/19 was approved by Council on 6 March 2018. The Treasury Management Strategy requires regular compliance reporting to include an analysis of deposits made during the period. This also reflects good practice and will serve to reassure that all current deposits for investment are in line with agreed principles as contained within the corporate Treasury Management Strategy.

2.4.4 The total value of long-term loans as at 31 October 2018 was £304.08m. There has been no new external long-term borrowing in the 2018/19 financial year to date, but see note below on short-term borrowing. The average interest rate for long-term borrowing is 3.86%.

New Short-term Borrowing

2.4.5 The Treasury Management Strategy Statement requires any new borrowing to be reported to Members. Additional loans of £15 million were acquired on 1st November

2018. These comprise three loans of £5 million each from local authorities at a rate of 0.9% with a 6-month (1 May 2019) maturity. The loans are to support the capital programme and coincided with expenditure on Brent Cross development. The total loans outstanding has increased to £319.08 million. The authorised debt limits (absolute maximum permitted) is £659.2 million and the Operational Boundary (maximum consistent with long term affordability) is £568.8 million. The mid-year treasury report to Policy and Resources Committee projected year end debt (excluding £16 million of leases) of £380.7 million.

Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

2.4.6 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.

2.4.7 The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

Table 15: Upper limits for Interest rate exposure

	Limits for 2018/19 %
Upper Limit for Fixed Rate Exposure	100
Compliance with Limits:	Yes
Upper Limit for Variable Rate Exposure	30
Compliance with Limits:	Yes

Table 16: Maturity Structure of Fixed Rate Borrowing

Maturity Structure of Fixed Rate	Upper Limit %	Lower Limit %	Actual Fixed Rate Borrowing as at 31/10/18 £'000	% Fixed Rate Borrowing as 31/10/18	Compliance with Set Limits?
Under 12 months	0	50	15,000	4.70%	Yes
12 months and within 24 months	0	50	0	0.00%	Yes
24 months and within 5 years	0	75	0	0.00%	Yes
5 years and within 10 years	0	75	22,516	7.06%	Yes
10 years and above	0	100	281,564	88.24%	Yes
Total			**319,080**	**100.00%**	

2.4.8 This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Table 17: Capital Financing Requirement and External Debt

	Forecast for March 2019 £000
Prudential Indicator – Capital Financing Requirement (CFR)	
CFR – Non-housing	373,058
CFR – Housing	209,731
Total CFR	**582,789**

Prudential Indicator – The Operational Boundary for External Debt	
Borrowing	568,784
Other long-term liabilities	15,661
Total debt	**584,445**

2.4.9 The table above demonstrates that capital plans for 2018/19 and associated debt are within the agreed borrowing limit. It is anticipated that the out-turn for CFR will be considerably lower than the above forecast reflecting deferments to the capital programme.

2.4.10 The council's Treasury Management Strategy can be found on the following hyperlink. This explains the council's approach to its treasury management together with a fuller explanation of the terminology used within this section and its implications. http://barnet.moderngov.co.uk/documents/s45355/Appendix%20J%20-%20Treasury%20Management%20Strategy.pdf

2.5 Debtors

2.5.1 An analysis of debtors as at the 31st October 2018 is displayed within this section of the report. It should be noted that this information is a snapshot as at that date and the position moves on a daily basis.

2.5.2 Between September and October 2018 overall sundry debt owed to the council increased by £1.726m, and the value of debts aged over 90 days increased by £1.689m. The invoice raised at year end and previously reported as still outstanding for £2.254m with NHS Barnet CCG is still outstanding. This invoice and a number of other invoices within the CCG balance owed of £9.168m (see table 18) have been escalated to the Service Director.

Table 18: Aged Debt Analysis

Not overdue	Up to 30 days	Up to 60 days	Up to 90 days	Over 90 days	Total debt
1,712,293	6,659,916	490,273	4,756,380	13,744,073	27,362,935

Table 19: Top 10 debtors

Organisation	Sum of Amount (£)	Age
NHS Barnet CCG	9,167,851.17	£4,414,173 over 90 days, £3,679,419 up to 90, £401,633 up to 60 days and £672,626 not yet overdue
The Barnet Group	2,497,356.99	age is up to 30 days
Capita Business Services	1,273,105.86	£575,631 over 90 days the balance less than 30 days
Hammerson PLC	1,020,440.81	£339,020 over 90 days the balance is less than 30 days
Comer Homes	992,522.38	Over 90 days
Barratt London	947,897.06	£949,794 of which is less than 30 days
Regional Enterprise Ltd	792,251.01	£621,632 less than 30 days the remainder is over 90 days

The Fremantle Trust	576,874.76	Over 90 days
Comensura Ltd	515,050.10	Up to 90 days
Hammerson (Brent Cross) LTD	331,034.64	Over 90 days

3 Strategic Financial Matters

3.1 Long term financing planning

3.1.1 The Policy and Resources Committee considered the council's forecast financial position to 2024 on the 11th December 2018. The key points within the report are set out below.

3.1.2 On 29 October 2018, the Chancellor of the Exchequer set out the 2018 Autumn Budget. The Budget, and further related announcements, are based on the latest forecasts supplied by the Office for Budget Responsibility (OBR) for the UK economy and public finances. Further statements are to be delivered in the spring of 2019; however, these are intended to be economic, as opposed to budget statements.

3.1.3 In March 2018, the council set a Medium Term Financial Strategy (MTFS) covering the period 2018 to 2020. The MTFS for this period identified a total gross budget gap of £39.1 million; after mitigating actions and the planned use of reserves, this resulted in a balanced position for 2018/19 and a remaining gap of £5.9m anticipated for 2019/20.

3.1.4 Following a financial review in June 2018, and to ensure the council has a plan that reflects local priorities, as well as a financial strategy that will support a financially sustainable position, the Corporate Plan and MTFS were realigned to cover the next five years (2019-2024). This will help to ensure we have a medium-term plan for how we will allocate our limited resources in line with what we want to achieve for the borough.

3.1.5 Savings proposals from Theme Committees have been recommended to Policy & Resources totalling £68.0m over the period 2019-2024. When recognising additional income as a result of the business rates pooling arrangements and increased social care funding, a balanced position is presented for approval for 2019/20.

3.1.6 A budget gap of £5.2m is currently forecast for 2020/21, which is assumed to be 50% (£2.6m) funded from reserves. It is expected that additional funding for social care is more likely to continue than not, therefore the gap does not present such a critical concern at this stage; however, this will be kept under review during 2019/20. The reduced use of reserves to balance the gap is in keeping with the council's overarching financial strategy of eradicating the use of one-off funding to balance the budget over the MTFS period.

3.1.7 The council's reserves are forecast to total £42.3m at the end of 2019/20. Over the course of the MTFS this is expected to reduce to £28.9m, with the crucial measure of Non Ringfenced Revenue Reserves expected to be £17.5m at the end of 2023/24. This represents a rapid deceleration in the reduction of reserves.

3.1.8 The council's capital programme was at £856m at the start of the financial year; however, following significant work by officers this has been reduced to £641m to 2024.

This reduction has been the result of, and a direct benefit to, the council's need to achieve a sustainable revenue position. For clarity, the capital programme set out at section 2.2 is for 2018/19 only.

4 Reasons for Recommendations

4.1 The report provides an overview of the council's financial performance to period 7 of the 2018/19 financial year. The report also provides a commentary on the strategic financial issues facing the council during the period.

5 Alternative options considered and not recommended

5.1 None.

6 Post decision implementation

6.1 None.

7 Implications of decision

7.1 Corporate Priorities and Performance

7.1.1 The report provides an outline of the forecast financial performance for the 2018/19 financial year.

7.1.2 Robust budget monitoring is essential to ensure that there are adequate and appropriately directed resources to support delivery and achievement of council priorities and targets as set out in the Corporate Plan and Commissioning Plans. In addition, adherence to the Prudential Framework ensures capital expenditure plans remain affordable in the longer term and that capital resources are maximised.

7.1.3 Relevant council strategies and policies include the following:

- Medium Term Financial Strategy
- Treasury Management Strategy
- Debt Management Strategy
- Insurance Strategy
- Capital, Assets and Property Strategy.

7.2 Resources (Finance and Value for Money, Procurement, Staffing, IT, Property, Sustainability)

7.2.1 This report considers the financial position of the Council.

7.3 Social Value

7.3.1 The Public Services (Social Value) Act 2012 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. The council's contract management framework oversees that contracts deliver the expected services to the expected quality for the agreed cost. Requirements for a contractor to deliver activities in line with Social Value will be monitored through this contract management process.

7.4 Legal and Constitutional References

7.4.1 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.

7.4.2 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.

7.4.3 The council's Constitution, Article 7 Committees, Forums, Working Groups and Partnerships, sets out the functions of the Financial Performance and Contracts Committee as being Responsible for the oversight and scrutiny of:

- The overall financial performance of the council
- The performance of services other than those which are the responsibility of the: Adults & Safeguarding Committee; Assets, Regeneration & Growth Committee; Children, Education & Safeguarding Committee; Community Leadership & Libraries Committee; Environment Committee; or Housing Committee
- The council's major strategic contracts including (but not limited to):
    - Analysis of performance
    - Contract variations
    - Undertaking deep dives to review specific issues
    - Monitoring the trading position and financial stability of external providers
    - Making recommendations to the Policy & Resources Committee and/or theme committees on issues arising from the scrutiny of external providers
- At the request of the Policy & Resources Committee and/or theme committees consider matters relating to contract or supplier performance and other issues and making recommendations to the referring committee
- To consider any decisions of the West London Economic Prosperity Board which have been called in, in accordance with this Article.

7.4.4 The council's Financial Regulations can be found at: http://barnet.moderngov.co.uk/documents/s49777/17FinancialRegulations.doc.pdf

7.4.5 Section 2.4.3 states that amendments to the revenue budget can only be made with approval as per the scheme of virements table below:

Virements for allocation from contingency for amounts up to and including £250,000 must be approved by the Chief Finance Officer
Virements for allocation from contingency for amounts over £250,000 must be approved by Policy and Resources Committee
Virements within a service that do not alter the approved bottom line are approved by the Service Director
Virements between services (excluding contingency allocations) up to and including a value of £50,000 must be approved by the relevant Chief Officers
Virements between services (excluding contingency allocations) over £50,000 and up to and including £250,000 must be approved by the relevant Chief Officer and Chief Finance Officer in consultation with the Chairman of the Policy and Resources Committee and reported to the next meeting of the Policy and Resources Committee
Virements between services (excluding contingency allocations) over £250,000 must be approved by Policy and Resources Committee.

7.5 Risk Management

7.5.1 Various projects within the council's revenue budget and capital programme are supported by time-limited grants. Where there are delays to the implementation of these projects, there is the risk that the associated grants will be lost. If this occurs either the projects will be aborted or a decision to divert resources from other council priorities will be required.

7.5.2 The revised forecast level of balances needs to be considered in light of the financial performance reported.

7.6 Equalities and Diversity

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

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

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

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

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

This is also what we expect of our partners.

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

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

7.7 Corporate Parenting

7.7.1 In line with Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in decision-making across the council. There are no implications for Corporate Parenting in relation to this report.

7.8 Consultation and Engagement

7.8.1 None in the context of this report

7.9 Insight

7.9.1 None in the context of this report

8 Background Papers

Meeting	Description	Link
Financial Performance and Contracts Committee Tuesday 9th October, 2018 7.00 pm	8 Chief Finance Officer report - Month 4 Forecast	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=9731&Ver=4
Financial Performance and Contracts Committee Monday 2nd July 2018 7.00 pm	8 Future financial Reporting	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=9716&Ver=4
Budget Council, Council Tuesday 7th March 2017 7.00 pm	11 Report of Policy and Resources Committee - Business Planning 2017 to 2020	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8819&Ver=4