



## Policy & Resources Committee

29<sup>th</sup> September 2022

<b>Title</b>	Business Planning 2023-2027 and in-year financial management 2022/23
<b>Report of</b>	Chair of Policy and Resources Committee
<b>Wards</b>	All
<b>Status</b>	Public with an accompanying exempt appendix. (Not for publication by virtue of paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 as amended (as this relates to commercial and financial affairs of the authority and information in respect of which a claim to legal privilege could be maintained in legal proceedings).
<b>Urgent</b>	No
<b>Key</b>	Yes
<b>Enclosures</b>	<p>Appendix A: Medium Term Financial Strategy (MTFS) – Scenario B</p> <p>Appendix B: Detailed breakdown of savings and income generation proposals.</p> <p>Appendix C Detailed breakdown of service pressures.</p> <p>Appendix D – Q1 22-23 Strategic risks</p> <p>Appendix E – Q1 22-23 High level risks</p> <p>Appendix F: Updated Capital Programme</p> <p>Appendix G: Fees and Charges</p> <p>Exempt Appendix H - Brent Cross Commercial Strategy</p>
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## Summary

The council has refreshed its MTFFS ahead of the budget setting process taking into account revised assumptions around inflation, service pressures and revised savings and income generation opportunities.

As part of this process the council has also reviewed its in-year and ongoing financial pressures to calculate the likely gap that will need to be addressed across the financial years 2023 to 2027. The report sets out the process which will take place for 2023/24 and future years in order to achieve a balanced budget.

This report also seeks Committee approval for a series of budget management decisions for 2023/24 required as part of normal business in line with the organisations Financial Regulations.

## Officers Recommendations

**That the Committee:**

**In respect of business planning for 2023-27:**

- 1. Notes the higher than usual uncertainty in the following areas:**
  - **Estimates for ongoing service demand and income due to inflationary pressures and the cost of living crisis.**
  - **The increased uncertainty around inflationary increases in government grant funding.**
  - **Level of grant funding as a result of the Spending Review 2022.**
- 2. Notes the three scenarios (A, B (base case), and C) modelled for the Medium Term Financial Strategy for 2023/24 and the preliminary assumptions for future years;**
- 3. Notes the Scenario B (base case) MTFFS attached at Appendix A.**
- 4. Requests theme committees to take forward savings and income generation proposals as detailed in 2.3.9 and Appendix B taking into account any equalities impacts. These savings will then be referred to Policy and Resources for consideration and, at a later stage, be subject to public consultation and an updated equality impact assessment.**
- 5. Asks Theme Committees the review of additional funding pressures to services requested in paragraph 2.3.14 and Appendix C;**
- 6. Notes the service specific pressures as set out in 2.3.14 to 2.3.32.**
- 7. Approves the Fees and Charges as set out in 2.7 and attached at Appendix G for recommendation to Full Council for consideration with any consultation responses and equality impact assessment.**

**8. Notes the actions being taken by officers and Theme Committees to address the budget gap for 2023/24 and future years as set out in 2.8.**

**In respect of routine financial matters for 2022/23:**

**9. As set out in 3.1.2-3.1.3, delegates to the Chief Finance Officer (S151 Officer) the authority to allocate the non-pay inflation contingency budget for 22/23 to departments. This approval is subject to the final virement being contained within the contingency budget and being no more than 10% above the £7.443m set aside when the budget was set.**

**10. Approves the revised Capital Programme and financing of it; from paragraph 3.2 (also Appendix F) including reprofiling of budgets to and from future years, accelerations, additions, and deletions.**

**11. Notes the Quarter 1 2022/23 Corporate Risk Register in Section 4 and Appendices D and E;**

## **1 WHY THIS REPORT IS NEEDED**

### **1.1 Executive Summary**

1.1.1 The committee received an update to the Business Planning 2023-27 and Medium Term Financial Strategy (MTFS) process at its meeting in July 2022. This report provides a further update with a set of initial budget proposals ahead of Theme Committees in October and November 2022.

1.1.2 The main subject for this report is business planning for 2023/24 and the MTFS period to 2026/27, set out in Section 2 and Appendix A.

1.1.3 It also presents some routine items for P&R committee approval in line with financial regulations. These are set out in Section 3. The proposed revisions to the capital investment programme are detailed in Appendix F.

## **2 Business Planning for the years 2023-27**

### **2.1 The National Context**

#### Funding Settlement

2.1.1 A HM Treasury announcement is usually delivered by the Chancellor of the Exchequer in September or October, covering either a single year or a multi-year spending review and key points of the government's budget proposals for 2023/24.

2.1.2 It was expected that the new Chancellor, would issue an emergency budget on 21<sup>st</sup> September but it is likely that this will now be deferred to a later date. As yet, there are no details on when this emergency budget will be announced or what it will cover.

- 2.1.3 The Finance Settlement for Local Government usually follows in December and this provides the specific impact of the September/October announcements for each council.
- 2.1.4 At the Local Government Conference on 28th June 2022, the former Levelling Up Secretary For State confirmed that councils in England will receive a two-year funding settlement from 2023/24 to help plan with a greater degree of confidence. This is a welcome change, as it follows four single year settlements, but there is no indication on whether this is the intention of the new Prime Minister and new Chancellor.
- 2.1.5 If a multiyear spending review is announced it will begin to provide some certainty around anticipated future resources.

### Inflation

- 2.1.6 On 17 August, the Office for National Statistics published updated inflation figures. The 12-month Consumer Price Index (CPI) to July 2022 increased to 10.1% and 12-month Retail Price Index (RPI) to 12.3%.
- 2.1.7 The inflation figures for September (published in mid-October) are usually the basis for the Local Government Finance Settlement and the change to the business rates multiplier, so these latest figures give us an increasingly good indication of the amounts.
- 2.1.8 It is unclear what the government's intention on funding councils for increased inflationary pressures and the cost of living crisis are and, as The Department for Levelling Up, Housing and Communities (DLUHC) is not a 'protected' department, it is possible there will be further savings passed down to local government via the settlement funding.
- 2.1.9 Inflation is a clear risk and the council will continue to review the latest data, both overall and in different sectors (e.g. construction materials).

### Interest Rates

- 2.1.10 On 22<sup>nd</sup> September, the Bank of England raised interest rates from 1.75% to 2.25% and warned the UK may already be in a recession. This is the highest level for 14 years and is the 7<sup>th</sup> rate rise in a row and borrowing costs are now their highest since 2008.
- 2.1.11 Raising interest rates makes it more expensive to borrow which should, in theory, encourage people to spend less and reduce inflation. However, many residents with mortgages will see their costs rise further exacerbating the cost of living crisis.

### Mini Budget 23<sup>rd</sup> September 2022

- 2.1.12 On 23<sup>rd</sup> September 2022, the Chancellor delivered a mini budget in which he announced that the 1.25% increase in NI contributions, which was implemented in April 2022, will be reversed from November 2022.
- 2.1.13 This increase in NI was intended to create a Health and Social Care levy to fund reforms to the provision and funding of social care. In the mini budget the Chancellor announced but that the additional funding for Social Care will be maintained despite the reversal on the NI increase.

## **2.2 Updated MTFs estimates: scenario planning**

- 2.2.1 Likely resources available across the MTFs have been reviewed. The council remains firmly in control of its spending and continues to invest in priority areas identified by residents, partner agencies and councillors; and to redirect resources from lower priority activities.
- 2.2.2 However, as noted above, the availability of ongoing resources to support council activity is uncertain. In the context of this uncertainty, the council is planning on using a range of scenarios, so that the financial outlook can be mapped from different perspectives and the necessary decisions taken in a timely way and in the light of the available information.
- 2.2.3 This MTFs review has, therefore, been prepared in a different way than usual, as set out below. This allows a clear analysis of where there is more or less certainty in the MTFs period, and highlights current areas of higher uncertainty, and the possible impact of those. The areas of uncertainty will be reduced as we get closer to approving the budget. As this happens the MTFs which supports the budget report will remove the scenarios and replace them with a single set of likely estimates, based on the most recent information.
- 2.2.4 The approach has been to create a baseline estimate and then two scenarios as 'overlays' to that. Section 2.3 shows the baseline assumptions across all scenarios. The key areas of uncertainty across which the scenarios are modelled are:
- Inflationary assumptions around:
    - non-pay inflation
    - some government grants as per 2.3.6
    - business rates multiplier
  - Future of New Homes Bonus funding.
  - Government's intention to continue funding or provide replacement funding for a one-off Services Grant received in 2022/23
  - Additional government funding for Adult Social Care.
- 2.2.5 The inflationary assumptions around government grant funding, non-pay inflation and the business rates multiplier in the 3 scenarios have been modelled using the below rates.
- 6.60%
  - 7.97%
  - 10.00%
- 2.2.6 The 6.60% is the average of the 22/23 and 23/24 rate published in the Spring Statement 2022. 7.97% and 10.00% are the best available mid and high range forecasts available at the time of writing this report and may be subject to fluctuation.

## **2.3 Baseline assumptions across all scenarios**

### Council Tax

- 2.3.1 The refreshed MTFs assumes lower than maximum increases in Council Tax and the Adult Social Care Precept.
- 2.3.2 Currently Authorities have flexibility to increase council tax by 2.99% (general council tax by 1.99% and Adults Social Care Precept by 1.00%). The MTFs assumes lower than maximum increases of 1.99% in 23/24 and 2.50% from 24/25 onwards.

2.3.3 All the scenarios modelled make the below assumptions in relation to Council Tax:

Council Tax	2023/24	2024/25	2025/26	2026/27
General Council Tax <b>Rate</b> increase	0.99%	1.50%	1.50%	1.50%
Social Care Precept <b>Rate</b> increase	1.00%	1.00%	1.00%	1.00%
<b>Total Council Tax Rate Increase</b>	<b>1.99%</b>	<b>2.50%</b>	<b>2.50%</b>	<b>2.50%</b>
Council Tax <b>Base</b> increase	1.50%	1.80%	2.10%	2.10%

2.3.4 The 0.99% general increase for 23/24 reflects a 1.99% increase reduced by 1% to reflect a rebate of the 22/23 increase to residents.

#### Pay Inflation

2.3.5 Across all scenarios, pay inflation of 4% has been assumed for 2023/24 and 2024/25, reducing to 2% for 2025/26 and 2026/27.

#### Grant Funding

2.3.6 The scenarios all assume there will be no inflationary increases to central government funding except:

- Public Health Grant
- Revenue Support Grant
- Business Rates Multiplier

#### Market Sustainability and Fair Cost of Care Fund

2.3.7 On 16 December 2021, the Government announced that it would make available a £1.36billion Market Sustainability and Fair Cost of Care Fund for local authorities. This funding is to support local authorities to prepare their markets for reform, and to support local authorities to move towards paying providers a fair cost of care.

2.3.8 All scenarios assume that:

- The **Market Sustainability and Fair Cost of Care Fund** will be distributed as planned in 2023/24.
  - The primary purpose of the fund is to support councils to move towards paying providers a fair cost of care and to prepare their local markets for the adult social care reform, such as the introduction of the £86,000 cap on care costs.
  - The care cap takes effect from October 2023 and will mean that no one in England will have to pay more than this sum towards meeting their care costs in their lifetime.
  - The council received £0.977m of this fund in 22/23 (with allocations distributed using the adult social care relative needs formula, as is used for the Social Care Grant and iBCF).
  - Based on the same allocation methodology, the MTFs assumes that the council will receive £8.444m in 2023/24 and £12.062m every year from 2024/25 onwards.
  - The impact of these reforms are not expected to impact on the council's budgets until 2024/25 and the MTFs assumes that the funding received in 2023/24 will reduce other pressures in 23/24 budgets.

## Savings and Income Generation

2.3.9 Officers have been working to identify new savings and income generation opportunities to help plug the funding gap. The combination of this work and the review of existing savings has identified the below revised savings which have been built into the MTFS.

Total Savings & Income generation					
Department	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total savings £'000
Adults and Health	(1,872)	(1,015)	0	0	(2,887)
Childrens and Family Services	(404)	(461)	(200)	0	(1,065)
Customer and Place	(5,270)	(2,816)	(468)	(1,716)	(10,269)
Strategy & Resources	(1,091)	(697)	0	0	(1,788)
<b>Total</b>	<b>(8,636)</b>	<b>(4,989)</b>	<b>(668)</b>	<b>(1,716)</b>	<b>(16,009)</b>

2.3.10 Since the budget was set in March 2022, a number of savings across the MTFS period have been identified as at risk of non-delivery. For 2023/24, £4.284m had already been factored in the previous iteration of the MTFS. A review of these savings resulted in £1.017m no longer being achievable or being superseded with new savings. Officers are continuing to work on delivery of these, however, as part of prudent financial management, it is necessary to make an allowance in case of non-delivery. Any savings for 2023/24 onwards deemed to have a high probability of non-delivery have also been assumed in the gap when preparing the MTFS.

2.3.11 In addition, further savings and income generation opportunities of £5.370m have been identified resulting in total savings and income generation of £8.636m. These proposals will be presented to relevant Theme Committees for approval in late November/early December.

2.3.12 Appendix B gives a detailed breakdown of the £8.636m savings and income generation proposals that have been included in the MTFS.

2.3.13 All scenarios assume the same level of savings across the MTFS as set out in 2.3.10.

## Pressures

2.3.14 As part of the review of the MTFS, services across the council have identified pressures that they expect to either carry forward from the current financial year, or those that they expect to occur in future years. Through a review of budget pressures, officers have identified the requirement to invest £18.995m in 2023/24 as shown below. £7.580m had already been factored in the previous iteration of the MTFS. A review of these pressures resulted in £5.170m no longer being required or being superseded with new pressures. This has resulted in an increased requirement of £11.415m.

Department	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
Adults & Health	14,197	8,560	5,476	5,389	<b>33,622</b>
Assurance	0	0	0	0	<b>0</b>
Children and Family Services	3,162	1,193	1,193	1,213	<b>6,762</b>
Customer and Place	1,636	320	330	26	<b>2,313</b>
Strategy & Resources	0	0	0	0	<b>0</b>

Total Pressures	18,995	10,074	6,999	6,629	42,696
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2.3.15 Officers are continuing to review these and any subsequent reduction, would reduce the gap for 2023/24 and future years. Within the recommendations, Theme Committees have been asked to review these pressures, as any reduction in these will help to deliver the remaining savings/gap for 2023/24.

2.3.16 Appendix C gives a detailed breakdown of the £18.995m service pressures that have been included in the MTFS.

2.3.17 All scenarios assume the same level of service pressures across the MTFS as set out in 2.3.15.

### Service Specific Pressures

#### Adult Social Care

2.3.18 Demographic demand forms the basis of service pressures submitted by Adults Care Services. In year pressures to the sum of £4.6m reflect a placement activity increase over and above allocated 22/23 budgets. There has been a 3.4% increase in activity, with packages also becoming more complex, resulting in unit costs c.5% (after inflation) greater than the previous financial year.

2.3.19 For 23/24 a pressure of £2.6m has been calculated for a further increase in activity based on an average of the last 3 financial years, plus a complexity calculation of £2.7m has been modelled, again using the last three financial year data, which is an uplift of approx. 2.5% on the previous year.

2.3.20 ASC pressures also include an assumption £3m for implementing recently announced Adult Social Care Reforms during 23/24.

2.3.21 There continues to disruption to the Leisure industry post Covid which is estimated to cost £1.0m in 23/24 due to loss of contract management fee income. This position is expected to improve post 23/24.

#### Children's Social Care and Education

2.3.22 Market sufficiency continues to cause pressure within Corporate Parenting & Disability and in particular placements. Despite mitigation plans of £0.2m, it is anticipated that budgetary pressure of £0.7m in 2023/24 will arise across Independent Fostering and Residential Care. The average cost of supporting Children with Disabilities (CWD) increased by c.32% (2021/22) together with the number of children being supported, which has also risen by c.59%, this further exacerbates pressures by £0.3m in this area.

2.3.23 Following operational changes to the National Transfer Scheme (NTS) to end the use of hotels to accommodate children and ensure transfers are concluded efficiently, there is now a higherrate of intake which has resulted in an increase in the overall Unaccompanied Asylum Seeker Children (UASC) population. Subsequently, the operating threshold above which a local authority is expected to receive UASC has increased from 0.07% to 0.1% of a local authority's general child population. The impact of which has created an additional pressure of £0.2m in Leave Care – 18+UASC.

2.3.24 The number of children accessing Barnet's short-term breaks offer has more than doubled since 2018/19 and currently c.892 (June 2022) children are eligible for short-term breaks.



The growth in demand has outpaced the budget in this area culminating in a pressure of £0.4m.

2.3.25 The rising number of children with Educational Health Care Plans (EHCP) has led to expected increased pressure in 2023/24 of £0.5m in home to school transport costs and additional capacity costs of £0.3m. Furthermore, the passage of the Schools' Bill through Parliament to Royal Assent will, if it becomes statute, present additional burdens on the council around supporting schools with attendance. This has been modelled as £0.1m in 2023/24 with no further expected increases, however this will remain under review. Cost of school catering, already under pressure due to higher food and labour costs is anticipated to add pressure of £0.2m following contract renegotiations.

2.3.26 Children's Centres are expected to face pressure on rate increases in the region of £0.2m required to cover increase utilities, service charges, rent & rates and general running costs. Additionally, it is anticipated that troubled families will have pressures of £0.2m as the funding from reserves comes to an end.

#### Housing and Growth

2.3.27 The Estates service regularly reviews outstanding commercial debt. This could lead to subsequent write-offs of income related to prior years. An extensive review of all debt at financial year-end 2021/22, resulted in a £0.392m increase in the bad debt provision, which should mitigate the risk of further write-offs.

2.3.28 The macro-economic environment is to remain challenging for businesses and personal households. Increases in energy and utilities costs, may cause pressures across the council's commercial estate. There is also the risk that Temporary Accommodation (TA) demand may rise, as more households are evicted, due to inability to pay rents and mortgages. The Brent Cross West scheme may also be impacted by rising costs of raw materials and the availability of skilled labour.

2.3.29 Across London, market forces are applying upwards pressure to the costs of TA, making it more difficult for the council to secure affordable, good quality housing. Interest rates are also rising, increasing the cost of borrowing. These increases in capital funding, may cause delays to the Open Door Homes (ODH) acquisitions capital scheme. This may further decrease the availability of affordable homes to meet the council's housing need, as well as increasing the spend on TA.

#### Environment & Climate Change

2.3.30 The energy crisis and economic inflation continue to put great pressure on services in environment.

2.3.31 Change in behaviour and delays in project implementation has resulted in reduced performance in achieving parking income. Work is ongoing to review options to manage the pressures in the Special Parking Account across Parking Services and Finance.

2.3.32 Supply chain disruption has resulted in the requirement to reprofile a number of capital projects in Environment as work is delayed due to the unavailability of materials.

## **2.4 Scenario A**

2.4.1 The main assumptions underlying Scenario A are as shown in the table below:

Scenario A assumptions	2023/24	2024/25	2025/26	2026/27
Non-pay inflation	6.60%	2.23%	1.78%	2.00%
Business Rates Multiplier increases	6.60%	2.23%	1.78%	2.00%
Revenue Support Grant	6.60%	2.23%	1.78%	2.00%
Public Health Grant	6.60%	2.23%	1.78%	2.00%
New Homes Bonus (£m)	(1.200)	(1.200)	(1.200)	(1.200)
2022/23 Services Grant	(4.049)	(4.049)	(4.049)	(4.049)
New Adult Social Care Grant	(4.000)	(4.000)	(4.000)	(4.000)

2.4.2 This scenario assumes that New Homes Bonus funding and the one-off Services Grant received in 2022/23 will both to continue or be replacement by alternative funding. It also assumes that there will be an additional ~£4m government funding for Adult Social Care

2.4.3 The assumptions underlying Scenario A over the five years to 2026/27 would result in a budget gap of £6.133m for 2023/24 and additional savings of £28.202m being required for expected expenditure to be sustainable within expected income as shown below:

MTFS Summary	2023/24	2024/25	2025/26	2026/27
Resources vs. Expenditure	£m	£m	£m	£m
<b>Expenditure</b>	<b>379.877</b>	<b>408.212</b>	<b>431.398</b>	<b>452.969</b>
<b>Resources</b>	<b>(365.108)</b>	<b>(377.587)</b>	<b>(393.487)</b>	<b>(408.758)</b>
<b>Cumulative (Surplus)/Shortfall to Balanced Budget</b>	<b>14.769</b>	<b>30.625</b>	<b>37.911</b>	<b>44.211</b>
<b>In Year Budget Gap before Savings</b>	<b>14.769</b>	<b>21.989</b>	<b>24.286</b>	<b>29.818</b>
Efficiencies and Income Generation options Proposed	(8.636)	(4.989)	(0.668)	(1.716)
<b>(Surplus)/Shortfall to Balanced Budget</b>	<b>6.133</b>	<b>17.000</b>	<b>23.618</b>	<b>28.202</b>
<b>In year savings requirement</b>	<b>14.769</b>	<b>15.856</b>	<b>7.286</b>	<b>6.301</b>

## 2.5 Scenario B – base case

2.5.1 The main assumptions underlying Scenario B are as shown in the table below:

Scenario B assumptions	2023/24	2024/25	2025/26	2026/27
Non-pay inflation	7.97%	4.00%	1.50%	1.90%
Business Rates Multiplier increases	7.97%	4.00%	1.50%	1.90%
Revenue Support Grant	7.97%	4.00%	1.50%	1.90%
Public Health Grant	7.97%	4.00%	1.50%	1.90%
New Homes Bonus (£m)	(1.200)	(1.200)	(1.200)	(1.200)
2022/23 Services Grant	(4.049)	(4.049)	(4.049)	(4.049)
New Social Care Grant	0.000	0.000	0.000	0.000

2.5.2 This scenario assumes that New Homes Bonus funding and the one-off Services Grant received in 2022/23 will both to continue or be replaced by alternative funding but, apart from funding already announced, there will be no additional government funding for Adult Social Care.

2.5.3 The assumptions underlying Scenario B over the five years to 2026/27 would result in a budget gap of £10.443m for 2023/24 and additional savings of £44.721m being required for expected expenditure to be sustainable within expected income as shown below.

MTFS Summary	2023/24	2024/25	2025/26	2026/27
Resources vs. Expenditure	£m	£m	£m	£m
Expenditure	382.505	414.566	437.274	458.744
Resources	(363.426)	(375.037)	(386.757)	(398.014)
Cumulative (Surplus)/Shortfall to Balanced Budget	19.079	39.529	50.518	60.730
In Year Budget Gap before Savings	19.079	30.893	36.892	46.336
Efficiencies and Income Generation options Proposed	(8.636)	(4.989)	(0.668)	(1.716)
(Surplus)/Shortfall to Balanced Budget	10.443	25.904	36.224	44.721
In year savings requirement	19.079	20.451	10.988	10.212

## 2.6 Scenario C

2.6.1 The main assumptions underlying Scenario C are as shown in the table below:

Scenario C assumptions	2023/24	2024/25	2025/26	2026/27
Non-pay inflation	10.00%	4.00%	1.50%	1.90%
Business Rates Multiplier increases	10.00%	4.00%	1.50%	1.90%
Revenue Support Grant	10.00%	4.00%	1.50%	1.90%
Public Health Grant	10.00%	4.00%	1.50%	1.90%
New Homes Bonus (£m)	(1.200)	(1.200)	(1.200)	(1.200)
2022/23 Services Grant	0.000	0.000	0.000	0.000
New Social Care Grant	0.000	0.000	0.000	0.000

2.6.2 This scenario assumes that New Homes Bonus funding and the one-off Services Grant received in 2022/23 will both cease and there will be no replacement funding but that the New Homes Bonus will be replaced by alternative funding.

2.6.3 The assumptions underlying Scenario C over the five years to 2026/27 would result in a budget gap of £14.542m for 2023/24 and additional savings of £52.395m being required for expected expenditure to be sustainable within expected income as shown below:

MTFS Summary	2023/24	2024/25	2025/26	2026/27
Resources vs. Expenditure	£m	£m	£m	£m
Expenditure	386.382	418.598	441.367	462.915
Resources	(363.204)	(371.516)	(383.244)	(394.511)
Cumulative (Surplus)/Shortfall to Balanced Budget	23.178	47.082	58.123	68.404
In Year Budget Gap before Savings	23.178	38.446	44.498	54.010
Efficiencies and Income Generation options Proposed	(8.636)	(4.989)	(0.668)	(1.716)

(Surplus)/Shortfall to Balanced Budget	14.542	33.457	43.830	52.395
In year savings requirement	23.178	23.904	11.041	10.281

## 2.7 Review of Fees and Charges

- 2.7.1 In line with the Administration's priorities, a report was taken to this committee on 19 July which outlined the council's focus on maximising income from Fees and Charges.
- 2.7.2 Council officers have revised fees and charges through the application of one of the following methods depending on what the law allows: a full cost recovery model, the indexation of fees and charges to the level of inflation at 10.1%, statutory prescription, or other means by which officers have benchmarked with other authorities to ensure the council is maximising cost recovery.
- 2.7.3 The proposed fees and charges are attached as an Appendix to this report. The proposal is that revised fees and charges will be effective from January 2023 subject to the results of public consultation and equality impact assessment. None of the additional fees and charges outlined have been factored into the MTFS scenarios.

## 2.8 Balancing the Budget

### Securing a balanced budget in 2023/24

- 2.8.1 Considering the range of possible outcomes set out above, and focussing on the base case (Scenario B), the following require inputs from councillors, partner agencies, and officers, including:
- Theme committees to put forward additional efficiencies, savings, or revenue generation opportunities that can be secured.
  - Theme Committees to review service pressures to identify any that can be mitigated or funded from other sources.
  - Consideration of the impacts arising from the Spending Review announcements expected on 21<sup>st</sup> September 2022.

### Future Years' Gap

- 2.8.2 Officers are in the process of reviewing savings and income generation proposals identified for 2024/25 onwards to ensure that plans are in put in place now to ensure timely delivery of these savings. This will be reported to the appropriate committees.
- 2.8.3 Given the future uncertainty around funding in terms of medium term planning, officers are also looking at new ideas to generate future savings that can be put before the appropriate committees. A number of these initiatives are likely to require a lead in time so planning on these will begin soon to ensure they can be delivered in the future subject to committee and Council approval.

## 3 ROUTINE FINANCIAL MATTERS

### 3.1 2022/23 Budget Management

## Contingency

- 3.1.1 The contingency budget is a useful tool in effective financial management of an organisation. It provides a mechanism to allocate additional funding on a temporary or permanent basis during the financial year. This allows the recognition and funding of costs over and above those included within the council's base budget. It is a more appropriate mechanism than the use of one-off funding, such as reserves, in meeting the costs of pressures as it enables the council to 'live within its means' both in the short and longer term. Council financial regulations also should prevent expenditure being incurred for which there is no budget provision. Allocations from contingency ensure that the financial regulations can be adhered to when unexpected items occur. This therefore supports the delivery of the organisation's overall financial strategy.
- 3.1.2 The contingency budget is usually forecast to be fully spent within the financial projections despite containing unallocated elements. This means that any virements to areas displaying a financial pressure will generally benefit the bottom line of the Council's projected outturn variance.
- 3.1.3 The table below shows how the contingency budget has been fully allocated for 2022/23 and includes funding for three of the labour priorities (Joining Local Government Association, CCTV and Climate Change).

<b>Contingency Budget 2022/23</b>	<b>14,376</b>
<b>Posted in 2022/23</b>	
Intelligence and Insight Posts (Public Health)	(120)
Assurance Assistant Director post	(128)
LGA Membership	(72)
Procurement Services	(100)
CCTV	(301)
Climate Change	(350)
<b>Total Posted</b>	<b>(1,071)</b>
<b>22/23 Commitments not yet posted</b>	
22/23 Non-Pay inflation	(7,443)
22/23 Pay inflation	(4,116)
Inflationary Pressures	(1,746)
<b>To be posted</b>	<b>(13,304)</b>
<b>TOTAL Remaining</b>	<b>0</b>

## Virements

- 3.1.4 The constitution requires that any virement from contingency of £0.250m or above are approved by the Policy & Resources Committee. Further, any virements between services over £0.250m must also be approved by the Policy & Resources Committee.
- 3.1.5 When the 22/23 budget was set, £7.443m was set aside for non-pay inflation pressures within services. Officers are currently reviewing pressures for 2022/23 and indicative total pressures relating to non-pay inflation of £7.801m have been identified (£0.358m more than was approved when the 22/23 budget was set).
- 3.1.6 As shown in 3.2.3, the balance of the contingency budget (£1.746m) has been allocated to fund additional inflationary pressures. Officers are continuing to have conversations

with providers on non-pay inflationary impacts and Committee are asked to approve the delegation of the final non-pay inflation virement to the Chief Finance Officer (S151 Officer). This approval is subject to the final virement being contained within the contingency budget and being no more than 10% above the amount set aside when the budget was set.

3.1.7 Indicative asks by department are shown below for information :

Service	22/23 non-pay Inflationary pressures
Adults & Health	3,051,000
Assurance	287,955
Customer and Place	2,238,257
Children & Family Services	2,223,363
<b>Total</b>	<b>7,800,574</b>

### Debt Write-Offs

3.1.8 The write-off of debts is in line with good accounting practice, which requires that debtor balances accurately reflect realisable income and it removes uncollectable debt from the accounts. All organisations suffer from uncollectable debt and the council maintains a bad debt provision against which to charge any debt write offs. There are currently no debt write offs over £5,000 that require P&R Committee approval.

## 3.2 Capital Programme

3.2.1 The council has a significant capital programme across both the General Fund and the Housing Revenue Account (HRA). Capital projects 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.

3.2.2 The Capital Programme, incorporating changes approved at this Committee's July 2022 meeting and subsequent additions, is described in the following sections.

3.2.3 The summary of the revised capital programme for this Committee's approval broken down by Theme Committee is as follows:

### **Summary of Proposed Capital Programme after changes**

Theme Committee	2022-23	2023-24	2024-25	2025-26	2026-27	Total
	£000	£000	£000	£000	£000	£000
Adults and Safeguarding	5,785	4,074	3,762	0	0	13,621
Housing and Growth (Brent Cross)	83,305	38,746	17,289	0	0	139,340
Children, Education & Safeguarding	16,517	14,416	9,576	5,493	0	46,001
Community Leadership and Libraries	2,274	200	0	0	0	2,474
Environment and Climate Change	34,344	23,615	17,864	12,710	0	88,533
Housing and Growth Committee	118,810	92,644	55,639	35,760	860	303,713
Policy & Resources	17,787	2,360	2,070	0	0	22,217
<b>Total - General Fund</b>	<b>278,822</b>	<b>176,055</b>	<b>106,199</b>	<b>53,963</b>	<b>860</b>	<b>615,899</b>
Housing Revenue Account	114,736	94,970	62,070	43,104	5,863	320,742
<b>Total - All Services</b>	<b>393,558</b>	<b>271,025</b>	<b>168,269</b>	<b>97,067</b>	<b>6,723</b>	<b>936,642</b>

3.2.4 A more detailed breakdown of the capital programme is shown in Appendix F to this report.

## Slippage/Acceleration

3.2.5 The net slippage/acceleration was £23.411m with £57.912m spend being slipped out of the 2022/23 financial year into future periods and £34.499m accelerated into 2022/23.

### **Capital program changes since July 2022 P&R Committee**

Budget Movement Type	2022-23 Budget	2023-24 Budget	2024-25 Budget	2025-26 Budget	2026-27 Budget	Total Budget
	£000	£000	£000	£000	£000	£000
July 2022 Council Approved Programme	437,885	251,030	138,435	83,580	0	910,930
Slippage/Acceleration	(23,411)	13,036	(7,627)	17,141	860	(0)
Additions	15,620	0	19,925	3,308	0	38,852
Deletions	(5,425)	(3,893)	(1,299)	(2,522)	0	(13,138)
September 2022 P&R Revised Programme	424,669	260,174	149,434	101,507	860	936,642

3.2.6 The breakdown of net slippage and acceleration by Committee is shown below:

### **Summary of Net Slippage**

Theme Committee	Net Slippage	Net Acceleration	Net Slippage/Acceleration
	£000	£000	£000
Adults and Safeguarding	0	0	0
Housing and Growth (Brent Cross)	(5,523)	28,288	22,765
Children, Education & Safeguarding	(940)	1,280	340
Community Leadership and Libraries	0	0	0
Environment and Climate Change	(12,972)	0	(12,972)
Housing and Growth Committee	(38,449)	4,931	(33,518)
Policy & Resources	0	0	0
<b>Total - General Fund</b>	<b>(57,885)</b>	<b>34,499</b>	<b>(23,385)</b>
Housing Revenue Account	(26)	0	(26)
<b>Total - All Services</b>	<b>(57,912)</b>	<b>34,499</b>	<b>(23,411)</b>

3.2.7 As the council progresses through the financial year, estimates of slippage and accelerated spend will become more accurate. As such, any capital financing adjustments will be presented at this committee with outturn adjustments undertaken by the Chief Financial Officer at year end, in accordance with financial regulations.

## Additions

3.2.8 Depot Relocation (£4m) - an additional £4.0m capital funding (PWLB) to deliver Phase 1 of the works on the former Brogans site

3.2.9 Saracen Loan (£0.920m) – an additional £0.920m for Saracens to bring the budget in line with the loan agreement.

3.2.10 Public Sector Decarbonisation Phase 3 (£11.7m) – £1.7m to fund PSDS3 shortfall (solar PV, radiator, asbestos) and £10m to fund 'Towards Net Zero' programme

3.2.11 Highways Improvement (£0.200m) – to complete the A1000 cycling routes



3.2.12 Health Projects (£0.500m) - Torrington Park Health Centre Refurbishment for additional clinical capacity

3.2.13 Special Education Needs SEN (£6.615m) – Grant funding received from Central Government for special needs

3.2.14 The funding for the capital programme is set out below:

**Financing for Proposed Capital Programme**

Theme Committee	Grants	S106	Capital Receipts	RCCO/MRA	CIL	Borrowing (Mayor's Energy Efficiency Fund)	Borrowing (PWLB)	Total
Adults and Safeguarding	9,752	155	38	0	3,471	0	205	13,621
Housing and Growth (Brent Cross)	109,533	0	17,517	1,011	0	0	11,280	139,341
Children, Education & Safeguarding	39,851	2,809	158	0	363	0	2,823	46,003
Community Leadership and Libraries	0	0	0	0	2,363	0	111	2,474
Environment and Climate Change	3,795	6,354	395	0	42,290	0	35,698	88,532
Housing and Growth Committee	55,662	7,895	13,676	491	38,841	11,700	175,448	303,713
Policy & Resources	1	45	166	0	4,183	0	17,822	22,217
<b>Total - General Fund</b>	<b>218,595</b>	<b>17,258</b>	<b>31,949</b>	<b>1,502</b>	<b>91,510</b>	<b>11,700</b>	<b>243,386</b>	<b>615,900</b>
Housing Revenue Account	23,824	1,267	10,990	53,586	0	0	231,077	320,743
<b>Total - All Services</b>	<b>242,419</b>	<b>18,525</b>	<b>42,939</b>	<b>55,088</b>	<b>91,510</b>	<b>11,700</b>	<b>474,462</b>	<b>936,642</b>

Borrowing

3.2.15 £474m of the total capital programme will be funded from borrowing of which £127m is on-lent to Opendoor Homes for the acquisition or delivery of new housing.

3.2.16 Borrowing is 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).

3.2.17 Included in the total Capital programme, there is £1.7m borrowing from the Mayor's Energy Efficiency Fund. This borrowing is cheaper than the PWLB borrowing and is only eligible to use on projects intended to achieve net zero.

Capital Receipts

3.2.18 The council has previously highlighted a risk in the level of capital receipts that it currently holds or forecasts to receive. Capital Receipts are proceeds of capital sales (land, buildings, etc.) and are re-invested into purchasing other capital assets.

3.2.19 £42.9m of the above capital programme is planned to be funded by capital receipts. Of the £42.9m, £10.9m will be funded from HRA capital receipt (RTB Receipts) and £31.9m from General Fund Receipts.

3.2.20 Current receipts are standing at £18.96m with £16.12m being HRA receipts and the remaining £2.83m are General Fund receipts. The current disposal programme estimates General Fund disposals of £2.5m in 22/23, £8.5m in 23/24 and £3.376m in 24/25.



- 3.2.21 Assuming no further General Fund disposals there would be a shortfall of capital receipts which would be replaced by borrowing which would result in additional interest and MRP costs.
- 3.2.22 Of the £10.9m capital receipts planned to fund HRA expenditure in 2022/23, £7.59m will be funded from Right to Buy Receipts and the balance will be funded from other HRA capital receipts. HRA funding will also finance Open Door New Build Housing (£6.28m), of which is shown in the above table under Housing and Growth Committee. Current HRA capital receipt balances plus future estimates suggest that there will be enough HRA capital receipts to fund the relevant projects.

#### Capital Grants & Contributions

- 3.2.23 The current capital programme shows £242.419m will be funded from Capital Grants. S106 and CIL are standing at £18.525m and £91.510m, respectively.
- 3.2.24 Capital grants are mainly received from central government departments (such as the Brent Cross grant from MHCLG) or other partners or funding agencies (such Transport for London, Education Funding Authority).
- 3.2.25 S106 contributions are a developer contribution towards infrastructure; confined to specific area and to be used within specific timeframe.
- 3.2.26 Community Infrastructure Levy (CIL) funds are developer contribution towards infrastructure; can be used borough wide but still has time restrictions on use.
- 3.2.27 Current capital programme forecasts plus future estimates suggest that there will be enough S106 contributions to fund the relevant.

#### **4 2022/23 Quarter 1 Risk Register**

- 4.1 The council has an established approach to risk management, which is set out in the risk management framework. The strategic and service level risks are reviewed on a quarterly basis to ensure they remain relevant and the controls/mitigations in place to manage the risks remain effective.
- 4.2 The Q1 review of risks showed 26 strategic risks (see Appendix D), of which three were scored at a high-level (15+): Impact of economic downturn on the delivery and pace of future development (STR010); Cost of living impact on residents and businesses (STR027) and Cyber security leading to widescale disruption to services (STR013).
- 4.3 In addition, there were 26 service level risks scored at a high-level (15+), which can be found in Appendix E. This quarter saw further significant rises in inflation and energy costs placing additional pressure on service budgets and residents' cost of living, which the council is proactively managing. Two new risks were identified as a result - Cost of living impact on residents and businesses (STR027) and Leisure management contract - energy costs (AD018).

## **5 Corporate Plan**

- 5.1 The current corporate plan (Barnet Plan 2021-2025) was adopted in March 2021, however, given the fact the council now has a new administration, we expect to bring forward a new corporate plan, consistent with the new administration's priorities.
- 5.2 June 2022 P&R Committee approved that officers work with the Chair of this committee to establish both the timescale and approach to delivering a new corporate plan. An update on the Corporate Plan Development is being given at this Committee.

## **6 Financial Strategy**

- 6.1 The organisational objectives in setting the MTFS are as follows:
- We will set a legal budget, balancing recurrent expenditure with estimated income within the medium term in order that the council has a sustainable financial position;
  - We will 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;
  - A level of sustainable reserves will be maintained, this will be defined by the Section 151 officer during the budget setting process, considering prevailing risks and opportunities. For 2022, this has been identified as £15m for general fund balance and £40m for earmarked non-ringfenced revenue reserves;
  - We will seek to build resilience to economic shocks and insulate from the requirement for sudden cuts to vital services;
  - We will use reserves to invest in one-off investment or transformation requirements but not to the point of the organisation being in distress;
  - We will ensure we have sufficient funding for on-going transformation and long term changes;
  - We will provide a realistic amount of funding to support increasing demand, quickly addressing ongoing financial pressures with a permanent solution, reducing the instances where one off solutions are used;
  - We will achieve the best possible outcomes within the funding available;
  - We will ensure that budgets are aligned to the Barnet Plan and that we will actively disinvest where this is not the case;
  - We will understand the implications of growth and ensure that both the reward and the increased costs to services are recognised, and;
  - We will act lawfully and protect the integrity of regulations, ring fences and accounting rules.
  - We will be mindful of equality impacts and public consultation responses.
- 6.2 Additionally, In December 2019, CIPFA introduced a Financial Management Code (FM Code) designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code provides guidance for good and sustainable financial management in local authorities and by complying with the principles and standards within the code authorities will be able to demonstrate their financial sustainability.
- 6.3 Councils are required to comply with the code from April 2021 with full implementation by April 2022. The FM Code is based on a series of principles which are considered necessary to provide the strong foundation to:

- financially manage the short, medium and long-term finances of a local authority
- manage financial resilience to meet unforeseen demands on services
- manage unexpected shocks in their financial circumstances.

6.4 The council has demonstrated financial sustainability as demonstrated by its compliance to the requirements of the FM Code. This was included within the council's Annual Governance Statement as presented to Audit Committee on 16th June 2022 [Appendix Ai - Compliance with CIPFA Financial Management Code.pdf \(modern.gov.co.uk\)](#)

## **7 REASONS FOR RECOMMENDATIONS**

- 7.1 The MTFs sets out the estimated overall financial position of the council over a period of time. This report recommends proposed changes to the MTFs process to work towards a balanced budget for 2023/24 and to reduce the gap savings requirement for 2024/25 to 2026/27. This ensures that Councillors and the public are informed of this work, supporting good governance.
- 7.2 This report also includes ongoing budget maintenance in the form of virements and the allocation of contingency funds to ensure strong financial management.
- 7.3 The revisions to the capital programme discussed in this report ensure that the council's financial planning accurately reflects what is happening with scheme delivery. This ensures that the council can make effective decisions on the deployment of its scarce resources.

## **8 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 8.1 The council could consider alternative options to allocate contingency funding however these could result in service delivery problems or fail to address structural budget deficits.
- 8.2 The alternative option to reducing the capital programme would be to make revenue reductions in order to fund the cost of borrowing.

## **9 POST DECISION IMPLEMENTATION**

- 9.1 Following approval of the recommendations in this report, budget changes will be processed in the financial accounting system and reflected against service areas for 2022/23 for revenue and capital.

## **10 IMPLICATIONS OF DECISION**

### **10.1 Corporate Priorities and Performance**

- 10.1.1 The Revised Budget for 2022/23 and Business Planning process for 2023-2027 are both enablers to delivering across all the Council's priorities and will enable the delivery of the priorities and outcomes set out in the future.

### **10.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

10.2.1 The report considers strategic financial matters and refreshes the current position of the council's MTFS. Plans will be enacted to work and identify savings and ensure they go through the appropriate governance process to set a legal budget in March 2023.

10.2.2 The proposed changes to the capital programme will have an impact on the cost of borrowing and therefore support the council's revenue budget.

10.2.3 The council's financial regulations require that virements for allocation from contingency for amounts over £250,000 and capital programme additions must be approved by Policy and Resources Committee.

### 10.3 Legal and Constitutional References

10.3.1 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.

10.3.2 Under Section 114 of the Local Government Finance Act 1988, the chief finance officer (S151 Officer) of a relevant authority shall make a report under this section if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

10.3.3 Each fee or charge has its own legislative framework which determines whether it is based on cost recovery or gives guidance to how the fees or charges may be set.

10.3.4 Article 7 of the Council's Constitution sets out the terms of reference of the Policy and Resources Committee which include:

➤ To be responsible for:

- Strategic policy, finance and corporate risk management including recommending: Capital and Revenue Budget (including all fees and charges); Medium Term Financial Strategy; and Corporate Plan to Full Council
- Finance including:
  - Treasury management
  - Local taxation
  - Insurance
  - Corporate procurement
  - Grants
  - Writing-off debt
  - Virements
  - Effective use of resources
- Procurement Forward Plan
- Local Plans (except for matters reserved to Full Council)

➤ To be responsible for the oversight of:

- (a) the overall financial performance of the council

- (b) the performance of services other than those which are the responsibility of the: Adults & Safeguarding Committee; Housing & Growth Committee; Children, Education & Safeguarding Committee; Community Leadership & Libraries Committee; or Environment Committee.

10.3.5 The council's financial regulations state that amendments to the revenue budget can only be made with approval as per the scheme of virement 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 in a Directorate that do not alter the approved bottom line are approved by the Service Director of that Directorate.
Virements between services within the same Directorate (excluding contingency allocations) must be approved by the relevant Chief Officers of that Directorate.
Virements between different Directorates (excluding contingency allocations) up to £50,000 must be approved by the relevant Chief Officers of both Directorates.
Virements between different Directorates (excluding contingency allocations) over £50,000 and up to and including £250,000 must be approved by the relevant Chief Officer(s) 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 different Directorates (excluding contingency allocations) over £250,000 must be approved by Policy and Resources Committee.

10.3.6 Article 4 sets out the role of Full Council “approving the strategic financing of the council upon recommendations of the Policy and resources committee, determination of financial strategy, approval of the budget, approval of the capital programme”. Council will set the budget and Policy and Resources Committee will work within that set budget subject to the rules on virements contained in the Financial Regulations.

## 10.4 Insight

10.4.1 The MTFs already makes use of data and models from different sources and these include Central Government projections e.g. forecasts from the Office of Budget Responsibility on CPI inflation, in-year trend data on changes to Council Tax as a basis for future estimates and models of budget spend e.g. on capital and the resulting impact on financing. The MTFs process for the upcoming year will place an increase focus on a data-led approach to support estimates of pressures and savings offered.

## **10.5 Social Value**

10.5.1 None that are applicable to this report, however the council must take into account the requirements of the Public Services (Social Value) Act 2012 to try to maximise the social and local economic value it derives from its procurement spend. The Barnet living wage is an example of where the council has considered its social value powers.

## **10.6 Risk Management**

10.6.1 The council has taken steps to improve its risk management processes by integrating the management of financial and other risks facing the organisation. The allocation of an amount to contingency is a step to mitigate the pressures that had yet to be quantified during the budget setting process.

10.6.2 The allocation of budgets from contingency seeks to mitigate financial risks which have materialised.

## **10.7 Equalities and Diversity**

10.7.1 Equality and diversity issues are a mandatory consideration in the decision-making of the council.

10.7.2 Decision makers should have due regard to the public-sector equality duty in making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome. The equalities impact will be revisited on each of the proposals as they are developed. Consideration of the duties should precede the decision. It is important that Council has regard to the statutory grounds in the light of all available material such as consultation responses. The statutory grounds of the public-sector equality duty are found at Section 149 of the Equality Act 2010 and are as follows below.

10.7.3 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;
- c. Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

10.7.4 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:

- d. remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- e. 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;
- f. 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.

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

10.7.6 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- g. Tackle prejudice, and
- h. Promote understanding

10.7.7 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
- Sexual orientation
- Marriage and Civil partnership

10.7.8 If deemed appropriate, a project may be subject to future individual committee decision once the budget envelope has been set by Council. The equality impacts will be updated for these decisions. Reserves may be used to avoid adverse equality impacts.

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

10.7.10 All human resources implications of the budget savings proposals will be managed in accordance with the council's Managing Organisational Change policy that supports the council's Human Resources Strategy and meets statutory equalities duties and current employment legislation.

10.7.11 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.

10.7.12 Progress against the performance measures we use is published on our website at <https://www.barnet.gov.uk/your-council/policies-plans-and-performance/equality-and-diversity/equality-impact-assessments-0>

## **10.8 Corporate Parenting**

10.8.1 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. The outcomes and priorities in the refreshed Corporate Plan, Barnet 2025, reflect the council's commitment to the Corporate Parenting duty to ensure the most vulnerable are protected and the needs of children are considered in everything that the council does. To this end, great attention has been paid to the needs of children in care and care leavers when approaching business planning, to ensure decisions are made through the lens of what a reasonable parent would do for their own child.

10.8.2 Council, in setting its budget, has considered the Corporate Parenting Principles both in terms of savings and investment proposals. The Council proposals have sought to protect front-line social work and services to children in care and care leavers and in some cases, has invested in them.

## **10.9 Consultation and Engagement**

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

- where there is a statutory requirement in the relevant legislative framework;
- where the practice has been to consult, or, where a policy document states the council will consult, then the council must comply with its own practice or policy;
- exceptionally, where the matter is so important that there is a legitimate expectation of consultation;
- where consultation is required to complete an equalities impact assessment

10.9.2 Consultation is also recommended in other circumstances, for example to identify the impact of proposals or to assist with complying with the council's equalities duties

10.9.3 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 allow those being consulted to be properly informed and to give an informed response;
- There is adequate time given to the consultees to consider the proposals;
- There is a mechanism for feeding back the comments and those comments are considered 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;



- Where relevant and appropriate, the consultation is clear on the reasons why and extent to which alternatives and discarded options have been discarded. The more intrusive the decision, the more likely it is to attract a higher level of procedural fairness.

10.9.4 The council will conduct a budget consultation which will cover any proposals to increase council tax together with seeking views on proposed savings, increases in fees and charges and the council's budget overall.

## 10.10 Environmental Impact

10.10.1 There are no direct environmental implications from noting the recommendations. Implementing the recommendations in the report will lead to a positive impact on the Council's carbon and ecology impact, or at least it is neutral.

## 11 BACKGROUND PAPERs

Committee	Item & Agenda	Link
Policy & Resources 19 July 2022	Item 9: Revised Budget 2022/23 and Business Planning 2023-2027	<a href="#">Agenda for Policy and Resources Committee on Tuesday 19th July, 2022, 7.00 pm   Barnet Council (moderngov.co.uk)</a>
Full Council 01 March 2022	Item 13.1 Report from Policy and Resources Committee - Business planning	<a href="#">Agenda for Council on Tuesday 1st March, 2022, 7.00 pm   Barnet Council (moderngov.co.uk)</a>
Full Council 02 March 2021	Item 10.1 Business Planning – Corporate Plan, Budget for 2021/22, and Medium-Term Financial Strategy 2021-25	<a href="https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&amp;MId=10237">https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&amp;MId=10237</a>
Policy & Resources 8 February 2021	Item 9 Business Planning – Corporate Plan, Budget for 2021/22, and Medium-Term Financial Strategy 2021-25	<a href="https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&amp;MId=10200">https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&amp;MId=10200</a>