



Environment and Climate Change Committee 21st November 2022

Title	Business Planning 2023-27
Report of	Chair of the Environment and Climate Change Committee
Wards	All
Status	Public
Urgent	No
Key	Yes
Enclosures	MTFS - Appendix
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Summary

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

A Business Planning Report was received by Policy and Resources Committee on 29 September 2022 setting out the process which will take place for 2023/24 and future years in order to achieve a balanced budget.

Theme Committees are requested to consider their response to this challenge, by considering savings proposals to secure a balanced council budget (the same process as used in previous years).

Given the high level of uncertainty over the MTFS period related to inflationary pressures, the cost-of-living crisis and uncertainty around Government grant income, 3 scenarios were modelled in the 29 September Policy and Resources Committee paper. The central

scenario (Scenario B) estimates an overall budget gap of £10.443m in 2023/24 where additional savings would be required, and additional savings of £44.721m over the four years to 2026/27.

This report asks the Committee to agree to the revenue savings and note the pressures proposals attached.

The outcomes of all Theme Committee discussions will go forward as recommendations to Policy and Resources Committee in December 2022 and be subject to public consultation and an equality impact assessment at a later stage.

Officers Recommendations

- 1. That the Environment and Climate Change Committee consider and approve the savings proposals and note the pressures that relate to the committee as set out in MTFS - Appendix and refer these recommendations on to Policy and Resources Committee.**
- 2. That the Committee delegate authority to the Deputy Chief Executive Officer in consultation with the Chair of Environment and Climate Change Committee to make any amendments to the savings detailed in MTFS - Appendix before they are recommended to P&R Committee to form part of the overall MTFS.**

1. WHY THIS REPORT IS NEEDED

- 1.1 This report is required as part of the council's annual business planning process, to discuss and approve priorities for the Environment and Climate Change Committee for 2023/24 to 2026/27.
- 1.2 The Committee's approval is requested for:
 - 1.2.1 Savings and pressures proposals within its authority so they can then be recommended to Policy and Resources (P&R) Committee to support the setting of a balanced budget for 2023/24.
 - 1.2.2 Delegation of powers to the deputy chief executive in consultation with the chair of the committee to make necessary amendments to the proposals where appropriate before final submission to the P&R committee.

2. STRATEGIC CONTEXT

2.1 Background to 2022/23 Business Planning

- 2.1.1 The council has a statutory duty to set a balanced budget for the coming financial year and uses the Medium-Term Financial Strategy (MTFS) to estimate the budget position for the following three years. Savings proposals for future years are identified and proposed to Committee. Savings proposals

for all years are proposed through Theme committees, recommended to Policy and Resources Committee, and then on to Full Council in March to be approved.

2.2 Approach to MTFS 2023-27

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 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 in the Business Planning paper presented at Policy and Resources Committee on September 29 (See link to report – [Business Planning 2023 - 2027](#)).

2.2.4 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.

2.2.5 It is anticipated that a combination of government announcements, local political decisions, and the further development of service financial plans will reduce the overall level of uncertainty substantially by March 2023 when the budget is set.

2.3 MTFS September Summary – Scenario B ‘Base case’

2.1.1 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
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2.1.2 This scenario assumes that inflation will be significant over the next two years but will drop to more manageable levels in the third year.

2.1.3 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

2.4 Committee Context

2.4.1 The council has several priorities that the Environmental and Climate Change Committee are responsible for either in whole or in part.

2.4.1.1 All borough-wide or cross-area matters relating to the local environment including: Air Quality, Cycling, Walking and Healthy Streets, Biodiversity, Transport and Public Transport, Grounds Maintenance, Highways, On-Street and Off-Street Parking, Road Safety, Lighting, Street Cleaning, Environmental Crime (including littering, fly-tipping fly-posting, and graffiti), The Council's Fleet, Waste and Recycling, Waterways, Parks and Open Spaces (including allotments and trees), Cemeteries, Crematoria and Mortuaries, Trading Standards and Environmental Health (except Environmental Health functions relating to housing and fire safety).

2.4.1.2 The council's response to the climate emergency.

2.5 In-year (2022/23) Management and Risks

2.1.4 The financial position for the current year continues to be marked by uncertainty over inflationary pressures, the cost-of-living crisis and ongoing impact on service demand.

2.1.5 The services conduct monthly reviews of impact of these macro-economic events on the deliverability of services. This could at times, result in the delays or ability to deliver high quality services.

2.1.6 The macro-economic environment is to remain challenging for businesses and personal households. Increases in energy and utilities costs, may cause higher cost of delivering services and may also impact on the income generation capabilities of the service as households curtail on their spending habits.

2.6 Medium Term Financial Strategy (MTFS)

2.6.1 Theme Committees have been asked to set out savings proposals to contribute to the council's overall savings requirement and offset suggested pressures. MTFS - Appendix shows proposed savings for Environment and Climate Change Committee for 23-24 to 26-27.

2.6.2 A summary of the MTFS for the ECC could be found in the tables below.

2.6.3 Savings/Income proposals totalling £2.6m over the next four years were agreed in the September 2022 P&R committee, whilst anticipated pressures of £1.7m over the same time period were also noted.

2.6.4 Review of the MTFS plan by delegated officers continues to take place and any updates will be reported to P&R committee in December 2022 for adoption.

Table 3 - MTFS Pressures

	2023-24	2024-25	2025-26	2026-27	Total
	£m	£m	£m	£m	£m
Street Scene & Environment	0.450	-	0.170	-	0.620
Highways & Transport	0.600	-	-	-	0.600
Greenspaces	0.251	0.189	0.087	-	0.526
Total	1.301	0.189	0.257	0.000	1.746

Table 4 - MTFS Savings

	2023-24	2024-25	2025-26	2026-27	Total
	£m	£m	£m	£m	£m
Street Scene & Environment	(0.785)	(0.820)	(0.146)	(0.340)	(2.091)
Highways & Transport	(0.050)	(0.075)			(0.125)
Greenspaces	(0.082)	(0.281)			(0.363)
Total	(0.917)	(1.176)	(0.146)	(0.340)	(2.579)

3. REASONS FOR RECOMMENDATIONS

- 3.1 Local Government continues to face significant reductions in funding and increased demand for services, as set out in the above context. These challenges require longer term, robust financial and strategic planning and the recommendations in this report support this.
- 3.2 By law, the council is required to set a balanced budget. These proposals are the best way of doing that by meeting financial requirement and delivering outcomes and ambitions for Barnet.

4. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 4.1 The alternative options are not to propose any savings or fewer savings. This, however, may expose the council to the risk of not achieving a balanced budget. There is a statutory requirement to set a balanced budget and the savings proposed will help towards this.

5. POST DECISION IMPLEMENTATION

- 5.1 If the Environment and Climate Change Committee approves the recommendations made by this report, then the savings proposals and Fees and Charges agreed previously will be referred to Policy and Resources Committee on 13th December 2022 as part of the council's Medium-Term Financial Strategy (MTFS). Public consultation on the MTFS will commence in December.

6. IMPLICATIONS OF DECISION

6.1 Corporate Priorities and Performance

- 6.1.1 This report supports the administration's priorities. This includes the **outcomes** we want to achieve for the borough, the **priorities** we will focus limited resources on, and our **approach** for how we will deliver this.
- 6.1.2 The approach for delivering on this is underpinned by four strands; ensuring residents get a fair deal, maximising on opportunities, sharing responsibilities with the community and partners, and working effectively and efficiently.

6.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 6.2.1 The Environment and Climate Change Committee savings programme will enable the council to meet its savings target as set out in the MTFS. These budgets will be formally agreed each year, and individual proposals will be subject to appropriate consultation and equality impact assessments where necessary. For this reason, the proposals are subject to change.

6.2.2 The outcomes of all Theme Committee savings discussions will go forward as recommendations to Policy and Resources Committee in December 2022 and Full council in March 2023.

6.2.3 The council is required by law to set a balanced budget for each financial year. It is also good financial management to set a Medium-Term Financial Strategy (MTFS) for a further 3–5-year period. The proposals in this report will support the council in its legal obligations in setting a balanced budget through increasing income receipts to finance revenue expenditure.

6.2.4 Where costs recovered do not meet expected and planned resources, officers will seek to align with the overall financial envelope within the remit of this Committee, through appropriate mitigation plans. The Financial Regulations, part of the council's Constitution, are clear, *Chief Officers have no authority to overspend revenue budgets, or under-recover income budgets under their control.*

6.3 Social Value

6.3.1 None are applicable to this report; however, the council must consider 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.

6.4 Legal and Constitutional References

6.4.1 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.

6.4.1.1 Local authorities owe a fiduciary duty to council taxpayers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of council taxpayers and ratepayers and the community's interest in adequate and efficient services and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers.

6.4.1.2 Local authorities have a variety of powers to charge for specific statutory services set out in statute. The Local Government Act 2003 also provides a power to trade and a power to charge for discretionary services, the latter on a cost recovery basis. Discretionary services are those that a local authority is permitted to provide under statute but is not obliged to do so. The power to charge for discretionary services is not available to local authorities if there is a statutory duty to provide the service or if there is a specific power to charge for it or if there is a prohibition on charging for the service.

6.4.1.3 Additionally, the Localism Act 2011 provides local authorities with a general power of competence that confers on them the power to charge for services but again subject to conditions/limitations similar to those noted above.

6.4.1.4 Where authorities have a duty to provide a statutory service free of charge to a certain standard, no charge can be made for delivery to that standard, however delivery beyond that point may constitute a discretionary service for which a charge could be made.

6.4.1.5 The savings proposals are to be referred to Policy and Resources Committee. They will then be subject to consultation and a cumulative equality impact assessment before being referred on to Council so that Council may set the Council Tax, being mindful of any equality impacts and consultation responses.

6.4.1.6 The Council's Constitution (Article 7, Article 7 – Committees, Forums, Working Groups and Partnerships) sets out the responsibilities of all council Committees. The responsibilities of the Environment and Climate Change Committee include:

(1) Responsibility for all borough-wide or cross-area matters relating to the local environment including:

- *Air quality*
- *Cycling, walking and healthy streets*
- *Biodiversity*
- *Transport and public transport*
- *Grounds maintenance*
- *Highways*
- *On-street and off-street parking*
- *Road safety*
- *Lighting*
- *Street cleansing*
- *Environmental crime (including littering, fly-tipping, fly-posting, and graffiti)*
- *The council's fleet*
- *Waste and Recycling*
- *Waterways*
- *Parks and open spaces (including allotments and trees)*
- *Cemeteries, crematoria, and mortuary*
- *Trading standards and environmental health (except environmental health functions relating to housing and fire safety)*

(2) Responsibility for the council's response to the climate emergency including:

- *Setting and overseeing implementation of carbon reduction targets, both in relation to the council as an organisation and Barnet as a place.*
- *Developing strategies to meet those carbon reduction targets.*
- *Developing strategies for the mitigation of the impacts of climate change, both on the council as an organisation and Barnet as a place.*

- *Implementing the elements of those strategies that relate to functions listed in (1) above.*
- (3) *To submit to the Policy and Resource (P&R) committee proposals relating to the committee's budget (including fees and charges) for the following year in accordance with the budget timetable.*
- (4) *To make recommendations to P&R committee on issues relating to the budget for the committee, including virements or underspends and overspends on the budget. No decisions which result in amendments to the agreed budget may be made by the committee unless and until the amendment has been agreed by P&R committee.*
- (5) *To receive reports on relevant revenue and capital expenditure, contracts, performance information and risk on the services under the remit of the committee.*

6.4.2 Some of the proposals, relate to savings resulting from operational decisions being made in a different way and are therefore estimated savings. The saving is therefore an indicative saving, and its deliverability will be dependent on a number of factors. As part of the budget setting process, Policy and Resources Committee will consider the need for an appropriate contingency to cover any savings that are indicative and may not be met due to operational decisions. Some of the proposals in the MTFS relate to proposals that are at a very early stage. These proposals will be subject to further business planning and decision making to test whether they can be delivered and what the impact of such a proposal will be. These proposals will be considered in further detail during future business planning reports.

6.4.3 All proposals emerging from the business planning process will need to be considered in terms of the council's legal powers and obligations (including, specifically, the public-sector equality duty under the Equality Act 2010).

6.5 Risk Management

6.5.1 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.

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

6.6 Equalities and Diversity

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

6.6.2 Decision makers should have due regard to the public sector equality duty in making their decisions. The Equality Act 2010 and the Public-Sector Equality

Duty require elected Members to satisfy themselves that equality considerations are integrated into day-to-day business and that all proposals emerging from the business planning process have taken into consideration the impact, if any, on any protected group and what mitigating factors can be put in place. The equalities duties are continuing duties they are not duties to secure a particular outcome. The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 and are as follows:

6.6.3 A public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this Act.
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

6.6.4 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 to the need to:

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

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

6.6.6 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, to the need to:

- Tackle prejudice, and
- Promote understanding.

6.6.7 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

6.6.8 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.

6.6.9 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

6.6.10 Where there are changes to service delivery or changes to staff, these will impact on individuals in different ways. However, at each stage of the process, the council will conduct an equalities impact assessment (EIA) where appropriate to ensure that where persons are impacted, proper measures are considered to mitigate the effect as far as possible. The savings proposed are not anticipated to have an impact on service delivery, customer satisfaction or on protected groups. Where necessary, proposals will not be implemented or agreed until members have fully considered the equality impacts and responses to any consultation.

6.6.11 The revenue savings sheet shown in Appendix A shows where an equalities impact assessment has been carried out/considered for the savings proposals.

6.6.12 All human resources implications will be managed in accordance with the Council's Managing Organisational Change policy, which supports the Council's Human Resources Strategy and meets statutory equalities duties and current employment legislation.

6.7 Corporate Parenting

6.7.1 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.

6.8 Consultation and Engagement

6.8.1 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.

- 6.8.2 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.
- 6.8.3 The council will perform a budget consultation during December 2022 through to January 2022. This consultation will cover any proposals to increase council tax together with seeking views on the council's budget overall.
- 6.8.4 In terms of service specific consultations, the council has a duty to consult with residents and service users in several different situations including proposals to significantly vary, reduce or withdraw services. Consultation is also needed in other circumstances, for example to identify the impact of proposals or to assist with complying with the council's equality duties. Service specific consultations will take place where necessary in line with timescales for any changes to be implemented.
- 6.8.5 If when council sets the budget envelope some service specific consultations have not been completed, then Council will allow a contingency so that decision makers may make alternative decisions should there be undesirable equalities impacts.
- 6.8.6 Where appropriate, separate service specific consultations have already taken place for the 2023/24 savings and a link to the report presenting findings of the consultation is provided within the MTFs spreadsheet (Appendix A). Policy and Resources Committee has reviewed all fees and charges which form part of the budget that is subject to public consultation between October and November 2022. Subject to public consultation outcomes, the Policy and Resources Committee recommended all fees and charges to Full Council for approval from January 2023 except for the Parking charges, which will be effective from April 2023.

6.9 **Insight**

6.9.1 None in the context of this report

7. **BACKGROUND PAPERS**

7.1 Barnet Plan Policy and Resources Committee 19th July August - [Revised budget 2022/23 and Business Planning 2023-2027](#)

7.2 Business Planning and in-year financial management 29th September - [Business Planning 2023 - 2027](#)
