	Policy and Resources Committee **22 February 2023**
Title	**Chief Finance Officer Report Forecast Financial Outturn at Month 9 (December 22)**
Report of	Chair of Policy and Resources Committee
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	None.
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Summary

This report contains a summary of the Council's revenue and capital forecast outturn for the financial year 2022-23 as at Month 9 (31 December 2022). It also contains information on the level of debt and the top 10 debtors as at 31 December 2022.

Recommendations

That the committee notes:
1. the current forecast financial outturn for 2022-23.
2. the projected use of reserves.
3. the current debt position and related actions.

1 Summary

1.1 This report sets out the council's forecast outturn position for the 2022-23 financial year as at 31 December 2022.

1.2 At month 9, the forecast financial outturn for the General Fund is:

- Overall, £7.799m overspend, with an adverse £1.056m movement from the last P&R reported position.
- An overall forecast position of a net contribution to reserves of £3.407m. This figure is comprised of a forecast £18.807m contribution to capital reserves for Community Infrastructure Levy (CIL) receipts, £6.757m drawdown of Covid-19 Grant reserve, and £8.643m net drawdown from earmarked reserves to support service areas. This is a reduction in the use of reserves from that previously reported to this Committee.

1.3 The council continues to deal with the cost-of-living challenge with Consumer Price Index (CPI) inflation for December standing at 10.5% falling from 10.7% in November. Beneath this headline rate, the council faces above-inflation pressures arising from energy costs as high as 68% and fuel costs as high as 41% in the year to date. Fluctuations and uncertainty continue to have an impact on the overall forecasts, although this is diminishing as we approach year-end.

1.4 High inflation and rising interest rates for households, businesses and the council may impact on the services that the council provides, both universal and targeted. This will be monitored closely, and regular updates will be provided to members.

2 Forecast Position at Month 9

Overview

2.1 As at month 9, the forecast out-turn position for revenue expenditure is a £7.799m overspend against the approved budget set at Council in March 2022. This is after a net contribution to reserves of £3.407m, driven by the Community Infrastructure Levy transfer to reserves of £18.807m.

Table 1: Forecast Revenue Outturn at Month 9

Service Areas	2022-23 Budget	Month 9 (Forecast outturn before reserves)	Reserves applied	Month 9 Forecast outturn after reserves	Month 9 variance after reserves	Month 7 variance after reserves	Movement
	£m	£m	£m	£m	£m	£m	£m
Adults and Health	115.511	130.592	(8.754)	121.838	6.327	6.625	(0.298)
Children's Family Services	78.838	81.171	(1.623)	79.549	0.711	0.155	0.556
Customer and Place	55.507	43.143	15.168	58.311	2.804	2.007	0.797
Assurance	9.527	10.288	(0.792)	9.497	(0.030)	(0.022)	(0.008)
Strategy & Resources	58.103	55.260	0.879	56.139	(1.964)	(1.965)	0.001
Public Health	18.895	19.670	(0.823)	18.847	(0.048)	(0.057)	0.009
Transformation	-	0.649	(0.649)	-	-	-	-
Total at Month 9	**336.380**	**340.773**	**3.407**	**344.180**	**7.799**	**6.743**	**1.056**

2.2 Table 2, overleaf, provides a breakdown of the movement in variance between month 7 to month 9.

Table 2: Movement in variance month 7 to month 9

Service Areas	Month 9 variance after reserves	Month 7 variance	Movement	Commentary
	£m	£m	£m	
Communities, Adults and Health	6.327	6.625	(0.298)	Placements adverse movement of £0.645m - Increase in costs associated with discharge from hospital, mainly into community settings, coupled with exponential increases in base rates for new packages across all other settings. Workforce adverse movement of £0.222m - Continuation of Agency contracts now forecast to year end to meet operational pressures re discharge from hospital. Leisure & Greenspaces adverse movement of £0.050m from various small movements across directorate. These have been offset by the application of £1.215m of reserves identified from the Covid-19 grant carried forward for placements pressures arising from Mental Health and Social Isolation cost increases.
Children's Family Services	0.711	0.155	0.556	In Corporate Parenting and Disability there have been two court-directed placements that each are forecast to cost the council £0.500m, £1.000m in total, that were made in December 2022. £0.250m is reflected in the variance. There has been a growth in the cost of placements, driven by provider sufficiency issues across London, evidenced through work by the Association of Directors of Children's Services with Newton Europe. The growth has seen costs for placements increase 60% in the last 3 years which the service has managed in previous years, however growth in court directed assessments and the length of time it is taking to resolve cases in the legal system have contributed to increases in Section 17 and External Family Assessments of £0.186m and £0.236m respectively. These are offset by net underspends, primarily from vacant posts not yet filled across Help and Protection and Commissioning, of £0.272m. The balance reflects a pressure in placements for young people aged 18-25.
Customer and Place	2.804	2.007	0.797	**Growth and Housing** £0.170m reduction in Estates legal costs and underspends in staffing and other running costs where substantive posts have been capitalised to capital projects. £0.100m legal budget has been given up as MTFS saving. The staffing and other running cost underspends are an in-year surplus. **Commercial and Customer** £1.300m settlement on the Re Guaranteed income as part of ongoing commercial negotiations in relation to the prior contract year (which falls into the current financial year). This pressure is a one-off in 2022/23. However, as the council engages with the insourcing of services from 31st March 2023, there may be unforeseen pressures that arise. There is also an opportunity to identify more efficient practices and opportunities for income generation post-insourcing. £0.095m pressure from increased IT support costs (overheads) and Office 365 licences, as we have seen an 8% increase in staff numbers this year. It was expected that staff numbers would level-off post covid-19, where abnormal increases of 15% were experienced as a response to the pandemic, however the council has seen the early insourcing of Procurement and Welfare services from Capita in 2022/23. **Street Scene** £0.642m favourable movement is a combination of one-off efficiencies, release of contingencies funds set aside for Christmas service cover not required and reduced staffing and service delivery costs within Street Scene **RE Managed budgets** £0.339m adverse movement as a result of the inclusion of the backdated NNDR cost for public conveniences. NNDR costs in future years are provided for in the MTFS.

Assurance	(0.030)	(0.022)	(0.008)	Small reduction in running costs.
Strategy and Resources	(1.964)	(1.965)	0.001	
Public Health	(0.048)	(0.057)	0.009	
Transformation	-	-		
	7.799	**6.743**	**1.056**	

Reserves

2.3 The council holds reserves to deal with future pressures where the value or the timing of the pressure is uncertain, or where the funding can only be spent on specific objectives (e.g., grant funding). Reserves are divided into 'earmarked' reserves, where the spending objective is known with some clarity, and 'general' reserves, intended to mitigate the impact of wholly unforeseeable costs. The levels of reserves are set out under Section 25 of the Local Government Act and prudent levels are determined by the Chief Finance Officer (CFO). Earmarked reserves are usually held by specific services, while general reserves are held corporately.

2.4 The use of reserves is not intended to replace savings or income generation opportunities as part of the MTFS. Reserves can only be used once and then they are gone. Any use of reserves to replace savings or income generation opportunities is a delaying action, storing up pressures into future years. This could be part of investing in transformational service delivery and is the ultimate last resort during budget setting when a gap cannot be bridged despite best efforts.

2.5 This report sets out anticipated use of or top up of reserves. Table 3 below shows the council forecast use of reserves across revenue, capital, and the collection fund.

Table 3: Council Reserves Forecast Position at Month 9

Reserve Movements	Balance Brought Forward £m	net change £m	Resulting balance £m
Revenue Reserves - non-earmarked	**46.635**	-	**46.635**
Revenue Reserves - earmarked (non-Covid-19)	**35.820**	(7.770)	**28.050**
Total Revenue Reserves	**82.455**	**(7.770)**	**74.685**
Revenue Grant - unapplied (Covid-19, general fund)	**6.757**	(6.757)	**-**
Revenue Grant - unapplied (Covid-19, collection fund - general reliefs)	**24.019**	(16.302)	**7.717**
Revenue Grant - unapplied (Covid-19, collection fund - s31 safety net)	**13.449**	-	**13.449**
Grant unapplied	**44.225**	**(23.059)**	**21.166**
Total Revenue Reserves & Grant Unapplied	**126.680**	**(30.829)**	**95.851**
Capital Reserves (including CIL)	**32.147**	4.191	**36.338**
Total All	**158.827**	**(26.638)**	**132.189**

2.6 The council is forecasting use of reserves in 2022-23 of £26.638m, of which £16.302m is in support of the Collection Fund where grant funding from Government has been held in reserves before being applied to any deficit arising from Covid-19 reliefs. Whilst the council anticipated this would be the final year of reliefs arising and the associated reserves movements, additional support for the retail, leisure, and hospitality sector in 2023/24 will extend these reserves and adjustments into 2024/25.

2.7 Earmarked revenue reserves are forecast to be used to a value of £7.770m with a further £6.757m of Covid-19 grant allocated for Corporate Plan outcomes and £4.191m contribution to capital reserves which is made up of £18.807m contribution capital reserves for Community Infrastructure Levy (CIL) receipts in-year offset by £13.743m of CIL drawdowns in year to fund capital expenditure and £0.873m to fund revenue expenditure.

2.8 Service-specific use of reserves can be found in Table 4.

Table 4: Service-specific Reserves Forecast Position at Month 9

Service Areas	Forecast (drawdown)/ top-up to reserves	Commentary
	£m	
Communities, Adults and Health	(8.754)	Earmarked Reserve drawdown - £0.090m Age UK contract £1.907m Earmarked Reserve (Covid support workforce, Prevention Team, Reviewing Officers) £1.215m Mental Health and Social Isolation £0.100m Transformation reserve drawdown towards staffing commitment. £0.423m Earmarked Reserve drawdown for debt recovery team £2.000m Earmarked Reserve drawdown to support expecting losses from YCB run Care homes (this figure is likely to increase) £0.422 Earmarked reserve drawdown to support 5-year Tree planting program. £0.299m Earmarked reserve funded Pleasant Park Program to deal with increased demand and environmental related issues. £0.487m Earmarked reserve drawdown to meet the shortfall in management fee income from the council's leisure contract. £1.200m Hospital discharge income reduction £0.043m Engagement posts £0.420m Practical Support Commitments £0.148m Reviewing Officers (DP)
Children's Family Services	(1.623)	Earmarked drawdowns: Commissioning - SENDIASS £0.015m, Placements £0.212m, Children with Disabilities £0.612m, COVID funding for Children and Young People Wellbeing Service in BICS £0.260m and Children Social Care £0.314m, Practical Support for young people on pathway to employment (BELS Post 16) £0.250m; top ups: Early Help 0-19 £0.037m.
Customer and Place	15.168	**Growth, Customer & Commercial:** £18.806m contribution to capital reserves for Community Infrastructure Levy (CIL) receipts £0.397m drawdown for sustainability related to staffing and one-off spend on the Sustainability Agenda. £0.162m drawdown for One Public Estate funded works around Colindale and Graham Park; £0.228m for Southgate/Osidge Land; and £0.097m drawdown for works around Colindale West. This includes consultants used to develop a delivery plan, reviewing the connectivity of and use of land, engagement, and communications. £0.051m drawdown from the Digital and Smart Cities reserve. This is a one-off drawdown to fund the staffing costs required to oversee a project bringing Broadband to areas across the council where there is currently low levels of connectivity. £0.263m Drawdown of Fire safety reserve, for fire safety enforcement officers reviewing high and mid-rise private sector properties in Barnet and covering new legal and audit requirements. £0.264m drawdown to fund additional staff to manage the backlog of HMO enforcements (visits restricted due to Covid-19) and help fund the cost of the additional housing licencing scheme. This is part of a larger fund of £0.325m from other council reserves. There are 153 possible HMO service requests requiring visits/enforcements to be funded between now and the end of 2023/24. £0.022m BOOST Employment, benefit advice, and skills and wellbeing; part of the council's ongoing commitment to improving resident life outcomes and the local economy. (£0.085m) top up to from Growth and development to fund reviews of potential sites for future regeneration in the borough. (£0.020m) top up for Minerva House. Grant funding to fund running costs and support the continuation of the women's refuge service. £0.283m drawdown to fund staffing costs who are assisting in the Strategic Contract Review of the contracts with Capita. £0.163m spend related to the revenue costs incurred in Regenerating Town Centres across the Borough. **Brent Cross:** £0.607m top-up to the Brent Cross Retail Park reserve. £0.081m for the creation of a Brent Cross Station Operating Reserve.

		Re Managed Budgets: £0.359m earmarked flood grant from Environment Agency £0.329m allowance for pending commercial claims from Term Maintenance contractor £0.030m feasibility study for A1000 £0.072m drawdown against Road Safety and Parking CIL – Roads and Pavement Allocation £0.120m for Richmond Road works £0.030m for Grasvenor Avenue/Western Way £0.500m additional top-up to fund Capital Betterment lump sum **Street Scene:** £0.150m for the loss in Commercial Waste income £0.190m for additional vehicle cleansing and staff absence cover due to Covid-19 £0.122m annual leave cover for staff to maintain service provision £0.250m for the implementation of community skips (NCIL) £0.300m for quarterly deep cleansing of residential streets (NCIL) £0.050m for invasive weed control.(NCIL)
Assurance	(0.792)	Elections reserve draw down of £0.744m to fund 2022 Local election, offset by top-up of £0.178m to elections reserve to fund future local elections. Drawdowns for Members IT £0.107m, CAFT reserve £0.050m and Food Safety regulatory costs £0.212m. Offset by Top-ups to the Mayoral support reserve for the Mayoral car £0.015m and to the Internal Audit reserve of £0.129m
Strategy & Resources	0.879	Drawdown of £0.201m for community participation (NCIL) Drawdown of £0.306m for Persian Advice Bureau, New Systems Gateway, the Asylum Seeker Support. Drawdown of £0.450m for Resident Support Fund Drawdown of £0.701m for Housing Benefit Payments Top-up of £2.537m to the NLWA Levy smoothing reserve
Public Health	(0.823)	Drawdowns on the ringfenced Public Health Grant reserve: Prevention Fund £0.300m Insight and Intelligence £0.147m Cycling Training £0.077m Comms Officer £0.075m Dementia Training £0.065m CNWL £0.095m Other small commitments £0.064m
Transformation	(0.649)	Drawdown to support the Transformation programme
Total	**3.407**	

Savings

2.8 The budget for 2022-23 includes planned savings of £7.954m; of which it is currently forecast that £7.343m of these savings will be achieved.

2.9 The gap in savings delivery in Children and Family Services is related to £0.255m of additional income which is critically at risk and dependent upon contributions from Health and Education partners. A further £0.106m from placement rate negotiations is unachievable due to provider sustainability issues outlined in, for example, Newton Europe reports to the Association of Directors of Children's Services (ADCS) coupled with challenges sector wide in securing suitable, safe placements for children and young people which has led to additional costs in the system placing savings from rate negotiations highly unlikely.

2.10 The forecast underachievement of income generation proposals in Assurance is due to start-up and training delays for the Community safety team issuing Fixed Penalty Notices for fly tipping. At Month 9, due to the delay in enforcement activity, the expected level of fines is behind the expected income levels. This has been mitigated in-year by delayed recruitment against the re-organised Community Safety team, as well as the carry-forward of unutilised Prevent grant, to fund relative expenditure. Future year achievement is not expected to be at risk.

Table 5: Savings Delivery 2022-23

Service Area	Savings target 2022-23	Forecast savings achievable at Month 9	(Gap)/Over to plan	Service area gap
	£m	£m	£m	
Adults & Health	(1.962)	(1.962)	0.000	0.00%
Children and Family Services	(1.483)	(1.122)	(0.361)	24.34%
Customer and Place	(2.793)	(2.793)	0.000	0.00%
Assurance	(0.431)	(0.181)	(0.250)	58.00%
Strategy & Resources	(1.285)	(1.285)	0.000	0.00%
Public Health	0.000	0.000	0.000	0.00%
Total	**(7.954)**	**(7.343)**	**(0.611)**	
Percentages	**100.00%**	**92.32%**	**7.68%**	

Risks and opportunities

2.11 In preparing the report for month 9, several overall (corporate) and service-specific risks have been identified. These are set out below.

- **Adults and Health**
  - o The overspend position presenting in Adults Social Care primarily relates to the upward increase in activity and primarily costs associated with placement accommodation.
  - o The Discharges from hospital are on track to exceed 2021/22 levels – for the year to date the council has supported over 160 residents per month to leave hospital with care and support up from 147 per month last year. However, of those returning home via the reablement pathway, only 30% require an ongoing package of care.
  - o From data used to set this financial year's placements budget the service have seen a 5% increase in activity and a 9% increase in average unit costs signifying an increase in packages becoming more complex in nature and the markets response to the utility cost pressure.
  - o Scarcity of placement accommodation, in particular at the acute end of support, is also a driver for increased market rates. The service is working closely with the market to mitigate this impact.
  - o The impact of the service on increased discharges from hospital has led to a continuation of additional staffing resources forecast to continue in Q4.
  - o The service is attempting to mitigate any further rises in costs above current projections by:
    - ▪ Reviewing large packages of care that may be eligible for NHS funding
    - ▪ Robust negotiation with providers on rates
    - ▪ Further expansion of the enablement offer

- **Children's and Family Services**
  - o The forecast includes tripartite income, funding from health and the Dedicated Schools Grant (DSG). At Month 9, the risk remains that the number of children and young people meeting the criteria for tripartite funding are lower than when setting the budget for 2022-23. This is under monthly review.
  - o There is a risk that the service is required to look after a young person with very complex needs, with placement costs of £30,000 per week being offered to support these young people. Whilst rare, other local authorities have looked after young people with similar levels of complexity.

- **Customer and Place**
  - Diesel and vehicle fuel prices - increases in fuel prices are estimated to be a - £0.400m-£0.680m for a full year impact. Inflation bid was submitted for £0.415m and of which £0.350m was awarded, At M8 there was an estimated additional shortfall £0.075m - £0.150m. This remains the case at M9. An update analysis will be reported in M10.
  - Forecasts for parking income may reduce even further as new data on activity comes to light.
  - Dispute of charges at Lodge Lane market puts the income at risk.
  - The Estates service conducts monthly reviews of the 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. The level of outstanding debt will again be reviewed in detail at month 10.
  - The council is in discussion with Catalyst Housing Association, to settle a dilapidations/ reinstatement liability, when surrendering the lease at Apthorp Care Home. The settlement is discussed in a separate paper to this committee. The nature of costs has been reviewed and are likely to be funded through capital funding. If capitalisation is not agreed at Policy & Resources Committee in February 2023, this could cause a revenue (General Fund) pressure when the funds are settled with Catalyst.
  - The macro-economic environment is to remain challenging for businesses and personal households. Increases in energy and utilities costs, may cause Temporary Accommodation (TA) demand to rise, if more households are evicted due to inability to pay rents and mortgages. The likely impact of this risk is minimal as we approach the final months of this financial year. However, the financial impact is more likely to be felt in future financial years.
  - 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. This includes the availability of properties in the private rented sector, and the increasing cost of nightly-paid, short term TA. As above, any impact this financial year would be minimal but there is a risk the impact will be felt in future years.
  - A significant risk that the income shortfall from Re services will be greater than the settlement of £2.45m for contract year 10.

- **Corporate**
  - Inflation risks continue to be a council-wide risk, with the latest headline CPI rate standing at 10.5%. Additional impacts arising from energy prices and fuel prices are being closely monitored.
  - Although the latest figures for GDP in October and November showed small increases there is still a risk the UK economy could fall into a recession. This may cause upward pressure on service use as residents and businesses require more support.

<u>Budget Changes</u>

2.12 Between M7 and M9 reporting there were two budget virements from contingency to various service budgets. £5.396m was allocated to service budgets for pay inflation and £0.533m income budget was allocated to services for the increase to fees and charges from 1 January 2023.

3 Ringfenced funding

<u>Housing Revenue Account (HRA)</u>

3.1 The HRA budget has been set in line with the 30-year business plan and approved by Housing & Growth (H&G) and P&R committees in February 2022.

3.2 The service-related elements of the HRA are projected to be £0.334m adverse to budget. This will be offset by an increase of £0.334m in Revenue contribution to Capital Outlay (RCCO). The £0.334m adverse variance is comprised of:

- £0.892m adverse position in Housing Management:
    - An increased forecast of £0.746m above budgeted resources due to the revised inflationary increase on TBG Core fees arising from the local government pay award which was budgeted at 3% and the accepted offer averaged at 6.31% for TBG.
    - A forecast £0.146m overspend related to additional bin replacements and collections at Grahame Park estate. The in-year target has been assessed through the year, with actuals to date greater than expected. This will continue to be reviewed in the coming months.
- A forecast £0.156m overspend is due to an increase in Gas and Electricity costs on HRA Estates and Sheltered Housing blocks. The increase in costs is not being passed to tenants or leaseholders, who were charged at levels planned at the start of the year which reflected the consumer price cap. The HRA is absorbing the cost in-year.
- Overall, the forecast is now £0.401m less than reported at M7, due to lower Gas and Electricity costs where fewer peak period invoices have been received to date (£0.250m) and the identification of £0.151m regeneration costs which meet the definition of capital expenditure.

Partly Mitigated by:

- £0.120m overachievement on commercial rent income. Similar number of units are expected to be rented out this year, as last year. The number of units are higher than budgeted.
- £0.115m savings on interest costs on HRA debts. This is due to early borrowing that happened last financial year, taking advantage of the lower interest rates which were available at the time.
- £0.141m overachievement on income on water rates.
- £0.096m overachievement on interest income earned on HRA cash balances. This is due to higher average interest rates expected this financial year.
- £0.261m reduction in the required provision for Bad Debts

3.3 There are on-going risks associated with the 30-year HRA business plan.

- Interest rates on borrowing increasing to c.4-5%. This may impact the financial affordability of capital programmes in future years. The council's treasury team are considering options for borrowing in line with need and the Treasury Management Strategy indicators discussed elsewhere in this report.
- Rent-setting for council dwellings and temporary accommodation is historically set at CPI+1% (10.5%+1% as of December 2022) and communicated to tenants in February of each year.
    - The Chancellor announced in the Autumn Statement that social rents were to be capped at 7% following a consultation earlier in the year.
    - The HRA Business Plan is being revised to include the 7% uplift, in line with most London Authorities. This will be presented at Policy & Resources Committee in February 2023
- A review of the HRA Bad Debt provision considering outstanding debt and in-year write-offs, may assist in reducing the current HRA pressure. This will be reviewed at the year-end.

Table 6: HRA forecast at month 9

HRA – Revenue	21-22 Outturn	2022-23 Budget	Month 9 Forecast Outturn after reserves	Month 9 Variance After reserves
	£m	£m	£m	£m
Dwelling Rent	(50.397)	(52.333)	(52.333)	-
Non-Dwelling Rent	(1.273)	(1.242)	(1.362)	(0.120)
Service & Other Charges	(6.842)	(6.851)	(6.992)	(0.141)
Other Income	0.447	-	-	-
Housing Management	19.014	19.451	20.343	0.892
Other Costs	1.735	1.806	1.962	0.156
Internal recharges	2.839	2.868	2.868	-
Repairs & Maintenance – Mgmt. Fee	8.584	10.462	10.462	-
Repairs & Maintenance - Non-Core	0.975	-	-	-
Provision for Bad Debt	0.589	1.261	1.000	(0.261)
Regeneration	0.168	0.684	0.704	0.020
Debt Management Expenses	10.103	10.578	10.463	(0.115)
Interest on Balances	(0.116)	(0.009)	(0.105)	(0.096)
HRA Revenue (Surplus)/Deficit	**(14.174)**	**(13.323)**	**(12.989)**	**0.334**
Depreciation	12.222	12.683	12.683	-
RCCO	1.933	0.536	0.202	(0.334)
HRA Capital Charges	**14.155**	**13.219**	**12.885**	**(0.334)**
HRA (Surplus)/Deficit	**(0.020)**	**(0.104)**	**(0.104)**	**-**

3.4 The projected HRA reserve is £4.124m.

Table 6a: HRA reserves at month 9

	B/Fwd	Revenue Movement	Depreciation & RCCO	Forecast Funding for Capex CFR	C/Fwd
	£m	£m	£m	£m	£m
HRA Reserve	(4.020)	(12.989)	12.885	-	(4.124)
Major Repairs Reserve	(2.000)	-	(12.885)	12.886	(2.000)
HRA Reserves	**(6.020)**	**(12.989)**	**-**	**12.886**	**(6.124)**

Dedicated Schools Grant (DSG)

3.5 At M9, the DSG is forecast to have a surplus of £1.826m. This is outlined in Table 7.

3.6 The total allocation for Barnet DSG is £399m with £250.643m going via the LA. There was additional supplementary funding of £8.700m for the schools' block and £2.000m for the high needs block to help with the addition pressures on schools and the 1.25% employers national insurance increases from April 2023 (subsequently reversed in November 2023).

3.7 This supplementary grant has helped to support the high needs block this financial year to award a 2.5% rate increase for top ups to schools providing support to children with an Education Health & Care Plan (EHCP) in mainstream settings and increase the number of places commissioned in alternative resource provision.

3.8 The current reserve for the DSG has a brought forward balance of £4.870m. The schools' forum has agreed to use up to £1.000m of this reserve to fund the Hong Kong & Afghanistan Refugees joining our schools in Barnet as well as up to £0.400m to support our maintained nurseries. However, the forecast spend on Hong Kong & Afghanistan Refugees is £0.250m.

3.9 High Needs is forecast to underspend by £0.366m due to lower spending on specialist packages at independent schools and a lower number of placements agreed compared to budgeted placements for the independent school sector. This will remain under close review as children in receipt of an EHCP in the borough have increased by 85.5% since the implementation of the Children and Families Act (2014) and by 35.4% in the period 2019-2022.

Table 7 DSG Forecast at month 9

	2021/22 Outturn £m	2022/23 Budget £m	Month 9 Forecast outturn after reserves £m	Month 9 variance after reserves £m
Expenditure				
Schools:				
- Individual Schools Budget	150.578	151.595	151.595	-
- ESG retained funding	0.700	0.700	0.700	-
- Growth Fund	-	2.745	1.285	(1.460)
- Central schools' expenditure	2.216	2.266	2.266	-
Sub-total	153.494	157.306	155.846	(1.460)
Early Years Block	28.348	30.720	30.720	-
High Needs Block	56.840	62.433	62.247	(0.366)
Sub-total	85.188	93.153	92.967	(0.366)
Total	**238.682**	**250.458**	**248.812**	**(1.826)**
Income				-
DSG Income	(240.735)	(250.458)	(250.643)	-
Total	**(2.053)**			**(1.826)**
Net DSG 22-23	**150.578**	**151.595**	**151.595**	**(1.826)**

3.10 The DSG reserve brought forward balance into 2022-23 was £4.870m. The forecast at Month 9 is reserves top up of £1.826m less planned use of reserves of £2.800m, of which £0.250m is forecast to be spent on Hong Kong and Afghanistan refugees joining Barnet schools, £0.400m additional lumpsum funding for maintained nurseries and a further £2.100m for growth funding.

Table 7a DSG Reserves Forecast at month 9

DSG reserves	B/Fwd	Use of Reserve	Top up Reserve	C/Fwd
	£m	£m	£m	£m
DSG Reserve	(4.870)	2.800	(1,826)	(3.896)
DSG Reserves	**(4.870)**	**2.800**	**(1,826)**	**(3.896)**

Public Health Grant

3.11 The ringfenced public health (PH) grant of £18.318m is forecast to budget at M9. Commitments up to £0.823m have been identified to be utilised from the PH grant reserve during the financial year subject to the PH Grant continuing to forecast to spend to budget. The pressures facing the General Fund regarding pay and non-pay inflation are also faced by the Public Health Grant. As a ringfenced fund, the grant is expected to absorb these pressures across the year.

Table 8 Public Health Grant forecast

Description	Net Budget	Forecast	Variance
	£m	£m	£m
Sexual Health NCL	2.230	2.230	-
Sexual Health GUM	0.700	0.700	-
Substance Misuse Adults	2.349	2.349	-
Substance Misuse YP	0.200	0.200	-
Grant contribution to improving PH outcomes across the council	3.629	3.629	-
PH Directorate staffing	2.220	2.220	-
Healthy Child Programme	4.999	4.999	-
Health Checks	0.200	0.200	-
Sexual Health prevention digital access	0.624	0.624	-
Tobacco Control	0.172	0.172	-
Young People's Health	0.582	0.582	-
Health in All Policies	0.163	0.163	-
Healthcare Public Health	0.250	0.250	-
Total	**18.318**	**18.318**	**-**

3.12 The Public Health Grant Reserve carried forward from 2021/22 was reported at £1.828m. The estimated carry forward at 2022/23 outturn is £1.005m.

Table 8a Public Health Grant Reserve forecast

Reserves use	brought forward	Use of Reserve	Estimated carry forward
	£m	£m	£m
Public Health reserve	1.828	(0.823)	1.005

Special Parking Account

3.13 Income received from parking charges is paid into a Special Parking Account (SPA) to comply with legislative requirements. Any surplus is appropriated into the General Fund at year end. The act requires any surplus to be spent on specified traffic and highways management objectives. Table 9 illustrates the month 9 forecast outturn position for the SPA and the appropriation to the general fund. It is currently forecast to be in deficit by £1.668m because of a shortfall in projected income.

3.14 The deficit movement consists of two elements:

- Lower than anticipated activity in enforcement areas has led to a downward revision of forecasted income across all areas of Penalty Charge Notice (PCN) issue. Major contributing factors include weather conditions, particularly heavy rainfall in November and the snow and ice event in December.

- CCTV enforcement income has been lower than anticipated, in part due to the suspension of bus lanes on the A5 corridor and junction realignment at West Hendon. Continuing delays to the implementation of new sites have also been considered. Parking suspension income has also continued to be affected by major utility programmes moving outside of controlled parking areas. Total negative movement between month 8 and month 9 forecasts equals £0.527m.

3.15 Improvements in income for permits and paid parking fees have mitigated this position by £0.101m.

3.16 Examination of NSL contract costs and equipment budgets have identified one-off savings against budget which mitigate the position by £0.486m, with previous reporting to this Committee highlighting the delays in the Controlled Parking Zone programme impacting income expectations.

Table 9 Special Parking Account Forecast

Special Parking Account	**2022-23 Budget**	**2022-23 Forecast**	
	£m	**£m**	**£m**
Income	**Budgeted SPA**	**M9**	**M9**
		Outturn	**Variance**
Penalty Charge Notices	(12.977)	(10.710)	2.267
Residents Permits	(3.232)	(3.923)	(0.691)
Pay & Display	(3.725)	(3.514)	0.211
CCTV Bus lanes	(1.110)	(0.939)	0.171
Total Income	**(21.044)**	(19.086)	1.958
Operating Expenditure (running costs)	**7.729**	**7.439**	**(0.290)**
Net Operating Surplus	**(13.315)**	**(11.647)**	**1.668**
Appropriation to General Fund	**(13.315)**	**(11.647)**	**1.668**

Transformation Programme

3.17 The council has set out an ambitious programme of activity for the next four years and beyond. Much of the work needed to deliver on the vision for the future will be delivered within existing teams and structures. However, at the core of the council's new priorities is a change in the approach to how we engage our communities in Barnet, on tackling climate change, on joining up public services in local areas and how we work with residents who come to us for support. These changes will have implications for all teams across our organisation. Delivery of this fundamental change will require an extensive transformation programme to drive it forward over the next four years.

3.18 At the Policy and Resources Committee meeting on 19 July 2022 an allocation of £3.000m from reserves was approved to fund the transformation programme.

3.19 Current forecast expenditure for this financial year, as at month 9, is broken down in the table below. It is anticipated the full £3.000m will be utilised over the entire transformation programme.

Table 10 Transformation Forecast Position

Transformation Programme	2022-23 Forecast at M9	2022-23 Forecast at M7	Movement
	£m	£m	£m
Staff costs	0.402	0.392	0.010
Consultancy	0.100	0.100	0.000
Governance Workstream	0.047	0.047	0.000
Transformation Fund	0.100	0.100	0.000
Total	**0.649**	**0.639**	**0.010**
Funded by reserves	(0.649)	(0.639)	(0.010)
Over/(Underspend)	**-**	**-**	**-**

3 Capital Programme

3.1 The capital forecast outturn at month 9 for 2022-23 is £296.555m, of which £193.157m relates to the General Fund programme and £103.398m relates to the HRA capital programme.

Table 11 Current Financial Year Forecast Capital Outturn at Month 9

Service Area	Original 2022/23 Budget	2022-23 Budget	2022-23 Forecast	Variance from Approved Original Budget	Variance from Approved Budget	Expenditure to date
	£m	£m	£m	£m	£m	£m
Adults and Health	18.732	7.635	7.241	(11.491)	(0.394)	2.375
Children's Family Services	17.410	16.386	13.393	(4.017)	(2.993)	8.962
Assurance	0.530	2.163	0.350	(0.180)	(1.813)	0.160
Customer and Place	175.636	134.215	95.091	(80.545)	(39.124)	53.640
Brent Cross	73.423	75.283	73.894	0.471	(1.389)	37.726
Resources	0.000	3.188	3.188	3.188	0.000	0.000
General Fund Programme Total	**285.731**	**238.869**	**193.157**	**(92.574)**	**(45.712)**	**102.864**
HRA	124.563	110.138	103.398	(21.165)	(6.740)	63.643
Grand Total	**410.526**	**349.007**	**296.555**	**(113.971)**	**(52.452)**	**166.508**

3.2 **Adults and Health –** The Adults and Safeguarding Capital budget for 2022-23 underspend is now reported at £0.394m at month 9. This primarily relates to delays to Greenspace Development, Leisure SPA and Disabled Facilities project spend, all of which will be reprofiled into 2023/24.

3.3 **Children's and Family Service** – The Children and Family Services Capital budget for 2022-23, reports an underspend to be re-profiled to future years of £2.993m due to project delays relating to, education projects of £0.711m, social care projects of £1.185m and £1.097m on the secure accommodation project.

3.4 **Customer and Place** – The capital programme is underspending by £39.124m in 2022-23.

- Housing General Fund:
  - Hermitage Lane - £1.780m spend has been reprofiled to 23/24 as ODH have sufficient working capital this year to complete works
  - New Build Housing (Open Door) - £6.581m has reprofiled spend into 23/24 as they are expected to have sufficient funds to the end of this year.

- Housing Acquisitions - £2.000m re-profiled to match in-year drawdowns from ODH to fund Acquisitions.
- Microsites - this is part of the work under New Build Housing (Tranche 3) and the remaining budget, £0.703m, is requested to be moved to the New Build Housing programme. The costs this year relate to the s106 funding.
- Upper and Lower Fosters GF Sage – based on current construction progress, £11.832m has been reprofiled as more work will fall into 23/24 and later years.

- Growth and Regeneration – General:
  - Town Centres - £1.740m re-profiled into next financial year due to delays in Finchley Square starting on site and changes in the delivery programme to align with wider development.
  - Hendon Hub - £2.096m re-profiling into 2023/24 due to deferring four property acquisitions into early next financial year. All four may exchange prior to year-end but completion is anticipated in early May.
  - Public Sector Decarbonisation Scheme 3 £7.228m - Due to expenditure being re-aligned in to 23/24 to match grant funding to be received in April 2023.

- Re (Highways): £0.547m of Colindale - Highways and Transport has been re-profiled into 20223/24 in line with revised project delivery timelines.

- Street Scene: Data Works Management system – Slippage of £0.150m, due to a new system to be implemented next financial year. Vehicles - Slippage of £2.480m due to manufacturing and supply chain issues.

- Barnet EV 500 project with a budget of £4m is now included in the reporting. This is forecast to be completely spent in this year as per the funding criteria.

- Highways Non-TFL: A budget consolidation has taken place to bring together the budgets for The Network Recovery Programme (NRP) Phases One and Two, to allow for easier monitoring and management going forward. It is estimated that £1.162m will be slipped into future year. This is a significant variation of a forecast acceleration from last month.

- Highways and Transportation SCIL: £1.079m is expected to slip into 2023/24. Due to the nature of the works being similar to the ones in the NRP Phase Two Programme mentioned above.
- Highways TFL: The programme is currently forecast to budget.

3.5 **Brent Cross** – The Brent Cross capital programme is currently projecting re-profiling expenditure of £1.389m at M9 for 2022-23. This is an increase in terms of re-profiling since M7 due to aligning specific workstreams to the ongoing programme. The overall programme is currently forecast to budget as per M9.

- BXC – Funding for land acquisitions - The forecast at M9 for 2022-23 identifies a need for re-profiling expenditure of £0.160m since M7. The re-profiling relates to £0.150m BXW masterplan in line with the revised scoping exercise and £0.010m due to revised resourcing utilisation schedules

- BXT Land Acquisitions – The forecast at M9 for 2022-23 identifies a need for re-profiling expenditure of £0.043m since M7. The re-profiling relates to legal expenditure anticipated in the next financial year.

- Brent Cross West - The forecast at M9 for 2022-23 identifies re-profiling expenditure of £0.985m since M7. This relates to the below areas:

- Re-profiling £0.890m under the Station Delivery programme. This is based on the ongoing programme to deliver the Station in 2023.
- £0.101m re-profiling within the Waste Transfer Station programme. This relates to updated LPA and staff resourcing utilisation.
- The remaining £0.006m acceleration relates to aligning the latest net resource utilisation position across IPMO, land purchase costs and Highways (Geron Way) workstreams.
- Overall, the BXW budget for the programme remains on budget
- The Housing & Growth Committee have been kept informed along the BX journey with a detailed financial and service update at the January Committee.

- Critical Infrastructure - The forecast at M9 for 2022/23 identifies a re-profiling of £0.201m since M7. This relates to the below areas:

  - £0.174m re-alignment into 2023/24 in line with revised resourcing requirements
  - The remaining £0.027m relates to a minor profile change under the sub-station programme £0.005m re-profiling, £0.033m Tilling Road & Claremont Road Junction re-profiling of resources offset by acceleration of £0.011m within Southern Junction under professional fees.
  - Overall, the Critical Infrastructure budget for the programme remains on budget

HRA Capital Investment

3.6 The HRA Capital programme budget was re-profiled at Policy & Resources Committee in December 2022, to reflect the most up-to-date use of resources.

3.7 HRA capital programmes are mainly on three areas, Investment in current stock (capital repairs or capital enhancements of existing properties), Development of new properties (new builds) and market acquisition of properties.

3.8 At month 9, the HRA capital programme is forecasting a £6.740m re-profiling into future.
- £1.700m Dollis Valley Acquisitions – revised expected timing of purchases on the Dollis Valley site.
- £4.490m Extra Care Housing (Cheshir) is due to delays due to finalisation of technical specifications
- £0.550m in Graham Park North-East – due to the profile of planned works falling into 2023/24.

Funding of the Capital Investment Programme

3.9 The composition of capital funding in the current year is detailed in table 12 overleaf. The level of funding from Capital receipts, Revenue/Major Repairs Allowance (MRA) and Community Infrastructure Levy (CIL) funding remain broadly the same as the previous period.

Table 12 Funding of the Capital Programme

Service Area	Grants/Other Contributions	S106	Capital Receipts	Revenue/ MRA	CIL	Borrowing (Mayor's Energy Efficiency Fund)	Borrowing	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Adults and Health	3.613	0.710	0.100	0.000	2.718	0.000	0.100	7.241
Children's Family Services	11.570	1.164	0.042	0.000	0.193	0.000	0.424	13.393
Assurance	0.000	0.000	0.000	0.000	0.350	0.000	0.000	0.350
Customer and Place	13.810	5.526	5.168	0.000	10.482	0.000	60.105	95.091
Brent Cross	70.045	0.000	0.000	0.000	0.000	0.000	3.849	73.894
Resources	0.000	0.500	0.000	0.000	0.000	0.000	2.688	3.188
General Fund Programme	**99.037**	**7.900**	**5.310**	**0.000**	**13.743**	**0.000**	**67.166**	**193.157**
HRA	12.436	3.700	2.084	18.276	0.000	0.000	66.901	103.398
Total Capital Programme	**111.474**	**11.600**	**7.394**	**18.276**	**13.743**	**0.000**	**134.068**	**296.555**

4.10 The table below shows the five-year forecast for the overall capital programme.

Table 13 Five Year Capital Programme Forecast

Service Area	Programme Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Programme Forecast	Additions/ Deletions
	£m	£m	£m	£m	£m	£m	£m	£m
Adults and Health	39.503	7.241	12.234	11.648	8.380	0.000	39.503	0.000
Children's Family Services	46.193	13.393	12.173	9.374	5.431	5.821	46.192	(0.000)
Assurance	2.363	0.350	2.013	0.000	0.000	0.000	2.363	0.000
Customer and Place	388.081	95.091	161.656	79.959	50.516	0.860	388.081	0.000
Brent Cross	139.373	73.894	39.597	25.882	0.000	0.000	139.373	0.000
Resources	11.512	3.188	5.624	2.700	0.000	0.000	11.512	0.000
General Fund Programme Total	**627.025**	**193.157**	**233.298**	**129.562**	**64.327**	**6.681**	**627.025**	**(0.000)**
HRA	386.382	103.398	99.677	75.678	62.395	45.235	386.382	0.000
Grand Total	**1,013.407**	**296.555**	**332.975**	**205.241**	**126.722**	**51.916**	**1,013.407**	**(0.000)**

4 Revenues and debt

<u>Collection Fund – Council Tax</u>

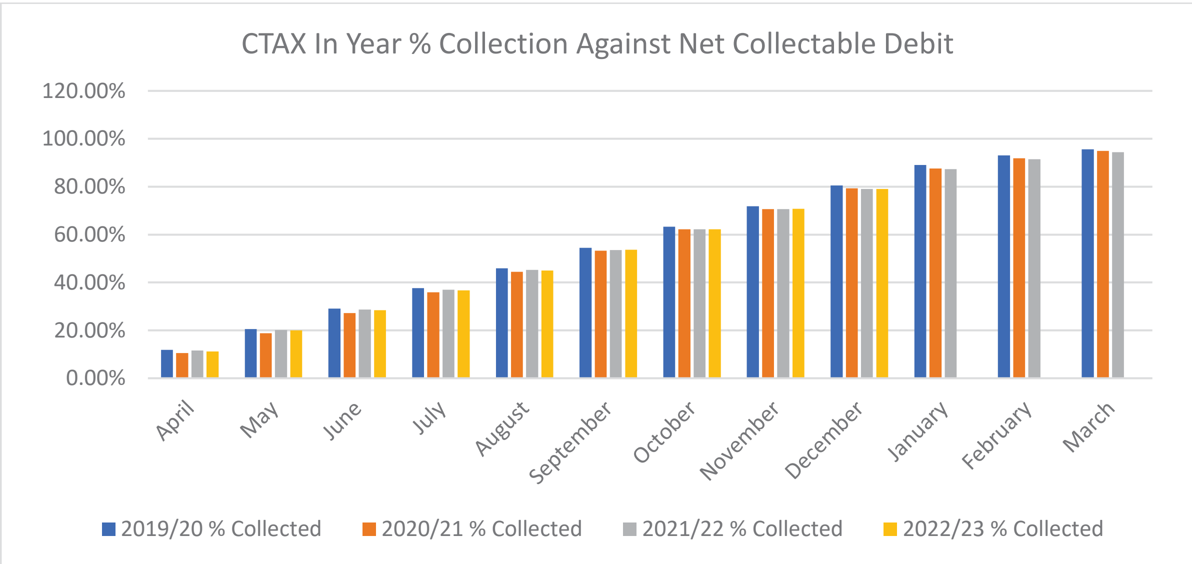
4.1 For the purposes of this report, current year information has been compared against 2019-20, 2020-21 and 2021-22. This is to allow a visible comparison from pre-pandemic through to current period.

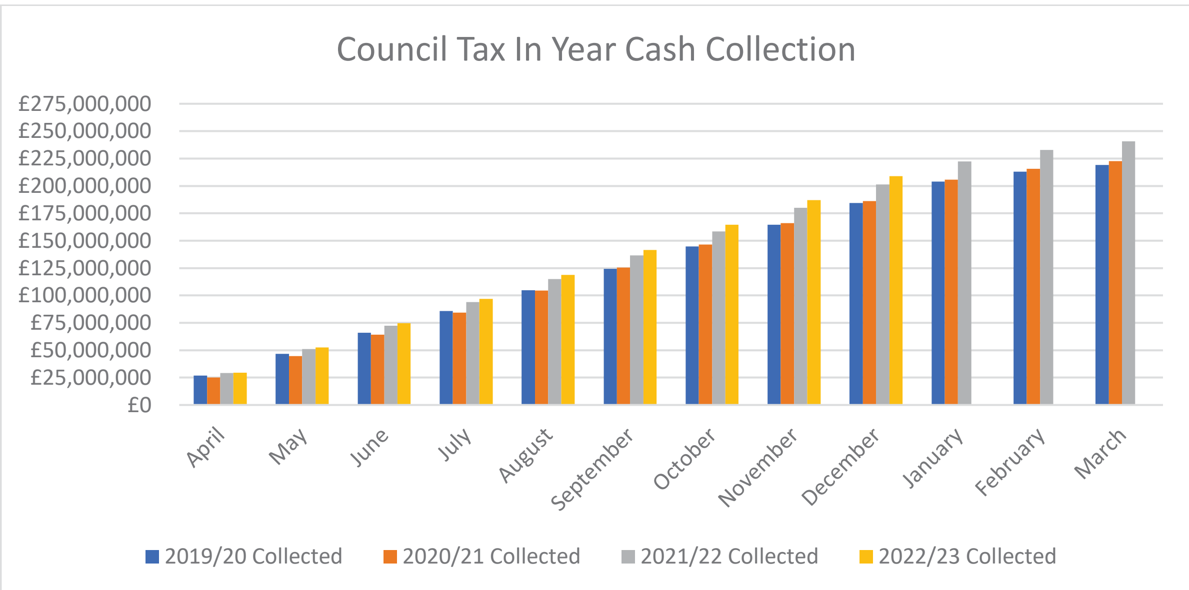
4.2 The collection rate in December 2022 is 79.08%, this is 0.06% higher than December 2021, 0.18% lower than December 2020, and 1.38% lower than December 2019 (pre-pandemic). Benchmarking within London shows this is not unique, and CSG are focusing on older council tax debt as they onboard more staff to support overall across local taxation and benefits.

4.3 In cash terms, current collection levels are £7.739m higher than December 2021, £22.842m higher than 2020 and £24.594m higher than 2019 (pre - pandemic) – this is due in part to annual increases in both the council tax base and the household charge over two budget cycles.

4.4 There has been an underlying recovery impact from COVID-19 in Council Tax, however the council's tax base has improved through additional completions to Month 9 and there is not expected to be an adverse pressure on the Collection Fund arising from the tax base. Council Tax Support expenditure has increased slightly (£0.098m) from previous months' and are now forecasting to be £0.396m above budget. This can be managed through the Collection Fund Adjustment Account.

4.5 The charts show the comparison of collection rates and cash values since 2019/20 (pre-pandemic).



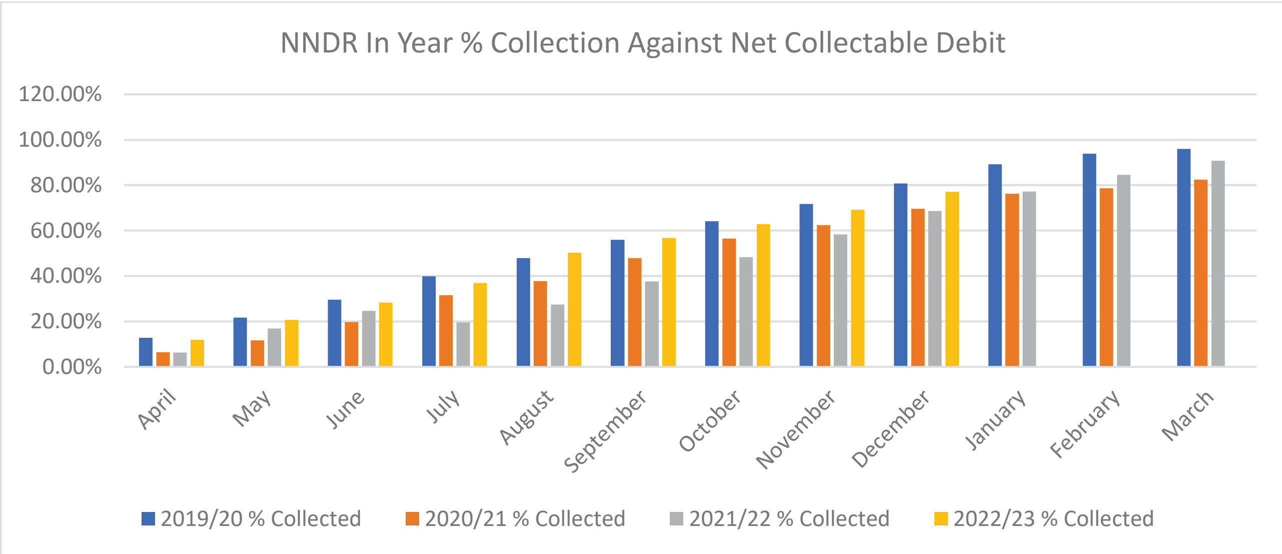


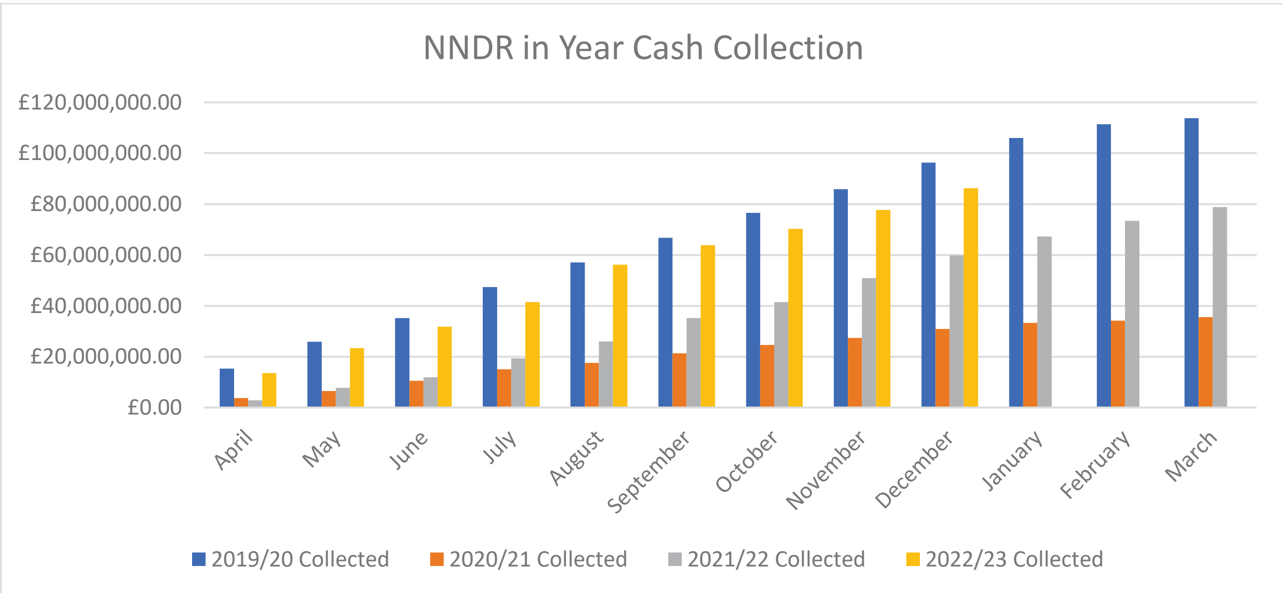
Collection Fund – Business Rates

4.6 The Business Rates collection rate in December 2022 is 77.15%, an increase of 8.55% compared to December 2021, 7.49% increase compared to October 2020 but 3.54% lower than December 2019. Every month since January 2022 has seen the collection rate exceed the prior year's rate.

4.7 In cash terms, the current collection level is £26.348m higher than December 2021, £55.383m higher than December 2020 and £10.129m lower than December 2019. The cash collection is impacted by the Net Collectible debit (NCD) in each year. In December 2022, the NCD is £25.915m higher than October 2021, however £7.652m lower than December 2019 (pre-pandemic). The NCD is impacted by the amount of grant received by the council, for example, expanded retail reliefs.

4.8 The charts below show the comparison of collection rates and cash values since 2019-20 (pre-pandemic).





Emergency financial support for residents

4.9 Emergency support is in the form of Discretionary Housing Payments (DHP), Discretionary Council Tax Discounts (S13A) and Resident Support Fund payments (previously named Local Welfare Assistance).

- DHP awards in December 2022 are £0.993m, a 16.93% reduction in expenditure against December 2021. This is because the DHP funding for 22-23 is £0.500m less than 2021-22. The council's DHP funding provided by DWP is £1.445m. It is forecast the full allocation will be awarded.
- Discretionary Council Tax Discounts (Section 13A payments) awarded in December 2022 are £0.227m, a 14.46% increase against December 2021. This increase is in part due to increased applications for Resident Support Fund where the resident may not be eligible under the RSF or DHP policy but is identified as in need of support and therefore supported by Discretionary Council Tax Discount.
- Resident Support Fund. At the end of December 2022, the total awarded value is £0.450m. An 8% increase compared to December 2021 (in addition to the increased Council Tax Hardship explained in point 2). There has been a total of 1,585 applications until the end of month 9. Barnet's new software to identify average vulnerability and velocity of change scores for all Barnet post codes will be launching during January 2023. This will be followed by the launch of a new benefits calculator, and propensity profiling across Barnet's Council Tax arrears to identify vulnerability, propensity to pay and those residents who may require debt advise.

Court Costs

4.10 December 2022 court costs awarded are £1.818m. This is 5% lower than December 2021, no costs were awarded in December 2020, and 4.6% lower than December 2019 (pre-pandemic). The council budgeted income of £1.689m has already been surpassed.

4.11 Court costs collected in December 2022 are £1.179m. This is 10.8% higher than December 2021, 517% higher than 2020, and 9.28% higher than 2019. **December 2020 was significantly lower as a result of the council's pandemic response.*

Housing Benefit Overpayments (HBOP)

4.12 Housing Benefit Overpayment Collection at the end of December 2022 is £1.801m. This is 11.01% lower than December 2021 (£2.023m), however 65.65% higher than 2020 and 41.25% higher than 2019 (pre-pandemic).

4.13 The council has budgeted £2.712m of income for 2022-23. Whilst the forecast is currently to deliver the budget, there are risks arising from staff turnover, the continued increase in energy prices, and impact of the cost-of-living increases. New staff have now been recruited and are in training, and additional measures are being introduced to HBOP to improve collection, including Telsolutions email and messaging campaigns. The HBOP team have recently had a full health check with Barnet's software supplier Civica and are now working on the implementation of innovations and efficiencies.

Sundry Debt

4.14 Between November 2022 and December 2022 overall debtors decreased by £8.065m. An analysis of debtors as at the 31 December 2022 is provided overleaf at Table 14. It should be noted that this information is a snapshot as at that date and the overall position varies.

Table 14 Aged Debt Analysis as at 31st December 2022

Debtor	Not Overdue £m	Up to 30 days £m	30 - 60 days £m	60 - 90 days £m	Over 90 days £m	Total Debt £m
Month 9	1.484	4.486	0.563	1.032	20.140	27.705
Month 8	1.018	1.581	3.758	8.158	21.255	35.770
Movement	0.466	2.905	(3.195)	(7.126)	(1.115)	(8.065)

4.15 Table 15 gives detail of the top ten individual debts by debtor, totalling £13.420m a decrease of £7.038m for the same period in 2021 where the outstanding balance was £20.458m.

Table 15 Top 10 debtors as at 31st December 2022

Debtor	Total Debt	Not Overdue	Up to 30 days	30 - 60 days	60 - 90 days	Over 90 days
	£m	£m	£m	£m	£m	£m
NHS North Central London CCG	7.764	-	-	-	0.024	7.741
NHS North Central London ICB	3.405	0.063	3.123	-	0.160	0.060
THE FREMANTLE TRUST	1.357	-	-	-	-	1.357
Affinity Water	0.245	-	0.007	0.001	-	0.237
Mechinah Golders Green LTD	0.148	0.004	0.143	-	-	-
Barratt Metropolitan LLP	0.108	-	0.095	-	-	0.013
Capita Business Services Ltd	0.103	0.019	0.033	0.051	-	-
COMMUNITY FOCUS INCLUSIVE ARTS	0.101	0.006	-	-	0.006	0.089
MEADOWSIDE RES. CARE HOME	0.095	-	-	-	-	0.095
NHS Northeast & North Cumbria ICB	0.094	-	-	-	0.027	0.067
Total	13.420	0.092	3.401	0.052	0.216	9.659

4.16 Outside the Top 10 debts above, there is a significant class of debt relating to contributions to care in Adult Social Care. At the end of December 2022, the level of overdue debt related to individuals who receive adult social care services was £11.04m. Historical Debt (All debt up to December 21) has been reduced by about 53% from Nov 21 high of £9.3m. As of 31 December, historical debt was £4.3m (of which Deferred Payment Arrangement (DPA) Debt accounts for £1.3m). The target is to bring historical debt to £2m by March 2023 (including DPA Debt). New and ongoing debt (All debt from Jan 22) has been growing and stands at £5.1m (of which DPA debt accounts for £1.5m). This is up by 4.2% from previous month. The aged debt position as it relates to contributions to care are reported in more detail to the Adults & Safeguarding Committee as part of the quarterly performance report.

4.17 NHS NCL has paid £0.446m with £3.727m awaiting approval. £2.610m is being queried as there are a number of discrepancies with the invoicing. There are ongoing invoice queries which we are working on to resolve. Work continues to ensure prompt payment of invoices raised. There are ongoing meetings with NCL to discuss improvements to processes on both sides with a view to reducing the debtor days.

5.19 The legal situation with The Fremantle Trust is still ongoing and senior officers are working towards achieving a resolution. This also includes the debt allocated to Meadowside Residential Home.

5.20 Affinity Water are in receipt of an invoice for £0.237m and have queried the net and VAT amount billed. This has been passed to the service area to investigate. £0.051m has been paid in this month.

5.21 Mechinah Golders Green LTD have been found to be responsible for the invoices previously billed to Beis Medrash Elyon School. A new customer account has been set up for that entity and new invoices raised. Contact details have been requested from the Commercial Rent team to contact this company to request payment of the outstanding invoices on the account.

5.22 Barratt Metropolitan LLP debt is currently at £0.095m. Payment has been requested for the outstanding invoices and we have been advised that this will be made by the 20th of January 2023.

5.23 Capita Business Services Ltd have paid £0.051m towards their outstanding debt. £0.033m will be paid on the 21st of January 2023 and £0.037m will be paid on the 19th of February 2023. An invoice for £0.019m had not been received by the debtor and they requested a copy which was sent.

5.24 Community Focus Inclusive Arts invoices are currently under discussion with their CEO and LBB. An agreement was proposed for them to pay off their debt, and the council awaits their response.

5.25 The Meadowside Residential Care Home debt is linked with Fremantle.

5.26 NHS Northeast & North Cumbria ICB requested copy invoices as these were not on their system. They have confirmed that these have now been sent for payment, and they have been asked to provide a payment date.

Treasury & Liquidity

5.27 The council adopted its current Treasury Management Strategy Statement (TMSS) at Full Council in March 2022. There have been no revisions since that time.

5.28 At M9, the council held £232.8m in short-term investments with an interest rate spread from 0.70% to 4.31%, averaging 3.17% yield. £138.4m is invested in same-day money market funds (MMF) with the balance of £94.4m in fixed term deposits with maturity dates of less than 1 year.

5.29 The above spread of investments is in line with the market offering higher yields and the organisation being sufficiently liquid to place more in fixed term deposits.

5.30 At M9, the council is not forecasting to breach its major indicators for external borrowing – the operational boundary (£959.047m) and the authorised limit (£1,058.031m).

5.31 The council has not increased its borrowing since M7. Total long-term borrowing totals £689.1m of which £63.0m is Lender Option Borrower Option (LOBO) loans where the lender option is next due in 2024. The remaining £626.1m is long-term borrowing from the Public Works Loans Board (PWLB).

5.32 The council is monitoring its capital programme and interest rates and may act to increase its borrowing if it reduces the overall risk and / or costs of financing the Capital Programme

5.33 The Council is also exploring taking borrowing c£11m over 15 years through the Mayor of London Energy Efficiency Fund (MEEF). Borrowing terms through MEEF are significantly more favourable than through borrowing via PWLB. The use of Funds needs to be earmarked to projects that demonstrably reduce emissions / improve energy efficiency

5 Reasons for Recommendation

5.1 This report contains a summary of the council's forecast revenue and capital for the year as at Month 9

6 Alternative Options considered but not recommended

6.1 None

7 Post Decision Implementation

7.1 None

8 Implication of Decision

8.1 Corporate Priorities and Performance

8.1.0 This supports the council's corporate priorities as expressed through the Corporate Plan which sets out our vision and strategy for the borough. 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.

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

8.2.0 This report considers the outturn position of the council at the end of the financial year

8.3 Legal and Constitutional References

8.3.0 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 to take actions which calculated to facilitate, or are conducive or incidental to, the discharge of any of their functions.

8.3.1 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.

8.3.2 The council's Constitution, Article 7 Committees, Forums, Working Groups and Partnerships, sets out the function of Policy and Resources Committee.

- To be responsible for Finance including: • Recommending the Capital and Revenue Budget (including all fees and charges); and Medium Term Financial Strategy; to Full Council for adoption • Revenue and Capital Monitoring and Expenditure: Committee to receive a cross-council overview with theme committees scrutinising revenue and capital expenditure within their remits • Treasury Management • Local Taxation • Insurance • Corporate Procurement • Revenues and Benefits • Grants • Writing-Off Debt • Virements • Effective Use of Resources • Procurement Forward Plan

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Taxation • Insurance • Corporate Procurement • Revenues and Benefits • Grants • Writing-Off Debt • Virements • Effective Use of Resources • Procurement Forward Plan Performance Monitoring and Management: Cross-organisation overview of performance with performance in the terms of reference of another theme committee being scrutinised by that committee The council's Financial Regulations can be found at:
https://barnet.moderngov.co.uk/ecSDDisplay.aspx?NAME=SD349&RPID=638294
and this report is prepared under the basis of paragraph 2.4.16 in the Financial Regulations "The Chief Finance Officer will report in detail to Performance and Contract Management Committee at the end of each quarter as a minimum, on the revenue and capital budgets and wider financial standing and will make recommendations for varying the approved budget (revenue and capital) where necessary." Where Policy & Resources Committee has now subsumed the financial monitoring functions of the now-defunct Performance and Contract Management Committee.

8.4 Insight

8.4.0 Whilst not specifically applicable to this report, insight is used to support the financial position forecasted in this report through activity drivers and place-based understanding.

8.5 Social Value

8.5.0 No application to this report

8.6 Risk Management

8.6.0 Regular monitoring of financial performance is a key part of the overall risk management approach of the council.

8.7 Equalities and Diversity

8.7.0 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. Consideration of these duties should precede the decision. The statutory grounds of the public sector equal duty are found at section 149 of the Equality Act 2010 and are as follows:

8.7.0.0 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.

8.7.0.1 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:

- remove or minimise disadvantages suffered by persons who share 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.

8.7.0.2 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.

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

8.7.0.4 Tackle prejudices and promote understanding.

8.7.0.5 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

8.7.1 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.

8.7.2 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

8.7.3 Measures undertaken as part of the council's response to the Covid-19 pandemic have been undertaken in full awareness of the council's commitment and responsibility to act in accordance with its own Equalities Policy and wider legislation. It is notable that the virus does appear to affect some parts of the community more than others and the council's actions have been informed by its commitment to mitigate impacts in all areas, and to appropriately protect or shield especially vulnerable individuals, in accordance with national guidelines.

8.8 Corporate Parenting

8.8.0 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.

8.9 Consulting and Engagement

8.9.0 None in the context of this report

8.10 Environmental Impact

8.10.0 None in the context of this report

8.11 Background Papers

8.11.0 None