Cabinet

Title	Chief Finance Officer Report - Financial Outturn 2022/23 and 2023/24 Budget Management
Date of meeting	26Th June 2023
Report of	Councillor Barry Rawlings, Leader of the Council and Portfolio Holder for Resources & Effective Council
Wards	All
Status	Public
Key	Key
Urgent	No
Appendices	Appendix A Updated Capital Programme Appendix B Bad Debts Write Offs
Lead Officer	Anisa Darr – Executive Director of Strategy & Resources (Section 151 Officer) Anisa.Darr@barnet.gov.uk Dean Langsdon – Assistant Director of Finance Dean.langsdon@barnet.gov.uk

Summary

This report contains a summary of the council's revenue and capital outturn for the financial year 2022/23 as at Month 12 (31 March 2023).

The revenue budget outturn is overspent by £6.844m. The council's capital programme expenditure outturn for 2022/23 is 244.115m; £47.010m less than the approved budget due largely to the reprofiling of project expenditure in line with expected project delivery timelines.

It also contains information on the level of debt and the top 10 debtors as at 31 March 2023 and any subsequent updates that Cabinet needs to be aware of that impact the debt position.

Recommendations

That Cabinet notes:

1. **The final outturn for 2022/23 against the Council's revenue budget;.**
2. **The current use of reserves, and the outlook;**
3. **The expenditure against capital budgets in the year;**
4. **The current debt position and related actions.**

In respect of routine financial matters for 2023/24:

1. **Notes the contingency budget and allocations from it in section 4.4;**
2. **Delegates to the Chief Finance Officer (S151 Officer) the authority to allocate the non-pay inflation contingency budget for 23/24 to departments. This approval is subject to the final virement being contained within the contingency budget and being no more than 10% above the £13.284m set aside when the budget was set.**
3. **Approves the writes-offs for Business Rates debt, Council Tax Debt, Sundry and other debt as detailed in section 6.26 – 6.38;**
4. **Approve the changes to the existing Capital Programme in relation to additions as set out in section 5.12-5.37 in accordance with the virement rules;**

1 Summary

1.1 This report sets out the council's outturn position for the 2022-23 financial year.

1.2 It is important to remember this past financial year the council has dealt with the impact of the mini-budget (October 2022) and global impacts resulting in the; cost-of-living challenge, high inflation, and high interest rates. The Consumer Price Index (CPI) inflation peaked at 11.1% in October 2022. Beneath this headline rate the council has dealt with above-inflation pressures arising from energy costs as high as 68% and fuel costs as high as 41% in 2022/23. Fluctuations and uncertainty will continue to have an impact upon 2023/24.

1.3 Rising demand for services, more acutely presenting in social care settings, has been a financial challenge for the authority, against the backdrop of rising costs faced by care sector providers. Coupled with the impact of the national discharge to assess scheme resulting in continued high demand from the NHS.

1.4 For the General Fund:

- Overall, £6.844m overspend, with a favourable £0.955m movement from the last reported position at Policy and Resources Committee.
- An overall net contribution to reserves of £13.283m. This figure is comprised of a £20.107m contribution to capital reserves for Community Infrastructure Levy (CIL) receipts, £6.757m drawdown of Covid-19 Grant reserve, and £0.067m net drawdown from earmarked reserves to support service areas. This is a reduction in the use of reserves from that previously reported to Policy and Resources Committee.

1.5 As of 1 April 2022, the council held reserves of £158.748m. Revenue reserves at 2022/23 outturn were £126.701m.

1.6 Rising demand for services, more acutely presenting in social care settings, has been a financial challenge for the authority, against the backdrop of rising costs faced by care sector providers. Coupled with the impact of the national discharge to assess scheme resulting in continued high demand from the NHS.

1.7 Outturn reports several areas presenting financial risks, moving into 2023/24 (and over the current MTFS period) including the following:

- RE income deficit resulting from undeliverable assumptions in the Capita contract
- Social Care Placement costs (demographics, complexity, market shaping, Health funding challenges)
- YCB care home operational losses
- Increase in Temporary Accommodation demand
- Special Educational Needs Transport
- Car Parking income and CPZ implementation.
- Unaccompanied Asylum Seeking Children costs
- High inflation and rising interest rates for households, businesses and the council, impact on services both universal and targeted.

1.8 The intention is to immediately focus on the key financial risks in addition to the 2023/24 budget, via the monthly monitoring process and the introduction of a Financial Sustainability Board. There are opportunities for additional income realisation and cost mitigation which are being explored, alongside possible efficiencies identified via the Transformation Strategy.

2 Outturn

Overview

2.1 The overall position for revenue expenditure is a £6.844m overspend against the approved budget set at Council in March 2022. This is after a net contribution to reserves of £13.283m, driven by the Community Infrastructure Levy transfer to reserves of £20.107m.

Table 1: Outturn 22-23

Service Areas	2022-23 Budget	Outturn before reserves	Variance	Reserves applied	Outturn after reserves	Variance after reserves	*Month 9 variance*	*Movement from M9*
	£m	£m	£m	£m	£m	£m	£m	£m
Adults and Health	122.420	140.819	18.399	(9.105)	131.714	9.294	6.327	2.967
Children's Family Services	72.419	77.635	5.216	(2.070)	75.565	3.146	0.711	2.435
Customer and Place	56.553	39.396	(17.157)	18.591	57.987	1.434	2.804	(1.370)
Assurance	8.408	5.974	(2.434)	2.418	8.392	(0.016)	(0.030)	0.014
Strategy & Resources	57.681	45.677	(12.004)	4.990	50.667	(7.014)	(1.964)	(5.050)
Public Health	18.895	19.926	1.030	(1.030)	18.896	0.000	(0.048)	0.048
Transformation	-	0.512	0.512	(0.512)	-	-	-	
Total at Month 12	**336.377**	**329.938**	**(6.439)**	**13.283**	**343.221**	**6.844**	**7.799**	**(0.955)**

2.2 Table 2 provides a breakdown of the movement in variance between month 9 to month 12.

Table 2: Movement in variance month 9 to month 12

<table>
<tr><th>Service Areas</th><th>M12 Variance after reserves</th><th>Month 9 variance</th><th>Movement from M9</th><th>Commentary</th></tr>
<tr><th></th><th>£m</th><th>£m</th><th>£m</th><th></th></tr>
<tr><td>Communities, Adults and Health</td><td>9.294</td><td>6.327</td><td>2.967</td><td>Movement at outturn principally related to the following:
1. Social care placements:
➢ YCB care home operating losses, £0.300m higher than expected, reflects the cost-of-living impact (food, utilities etc) presenting in the second half of 22/23.
➢ Care Home lease costs and backdated insurance – residual lease payments for Apthorp care home £0.250m, was expected to be covered in the final dilapidations.
➢ Income from health – challenges for prior year invoices raised in respect of joint funded social care packages has meant the issuing of refunds in excess of £0.600m during Q4.
➢ Increase in re-ablement costs £0.500m, aligned to the continued pressure in hospital discharge, however there is evidence of cost avoidance associated with the promotion of this type of provision as it reduces the need for long term care.
➢ Transitions - £1.0m movement from year end. Service transferred to Adults & Communities at M9. Packages are in the process of being reviewed, contingent liabilities have been accrued in full.</td></tr>
<tr><td>Children's Family Services</td><td>3.146</td><td>0.711</td><td>2.435</td><td>➢ £3.535m adverse movement in placements due to cost pressures arising from meeting the needs of an increase in the number of children and young persons with complex behavioural needs and mental health needs requiring solo provision and Deprivation of Liberty; supporting and meeting the needs of young persons at exploitation risk (YO) and maintaining sibling relationships.
➢ Continued delays in court proceedings have added further to adverse movement in costs. This is partly offset by favourable movements in 0 – 19 Early Help and Commissioning, £0.599m and £0.194m, respectively and the transfer of 18 – 25 services to Adults and Health, £0.295m.</td></tr>
<tr><td></td><td>1.434</td><td>2.804</td><td>(1.370)</td><td>1.Growth, Housing and Commercial movement (£0.760m adverse movement from M9)

1.1 £0.483 adverse position in Estates, with an increase in parking leases at North London Business Park and Harrow Depot, due to delays in the Oakleigh Road Depot programme; increase in cyclical repairs, and indexation on security costs.
➢ Partly offset by a reduction in Estates legal costs and one-off staffing underspends, where substantive posts have been capitalised to capital projects.

1.2.£0.494m adverse position in Re Guaranteed income. This relates to:
➢ £0.228m Disabled Facilities Grant income incorrectly recorded as GI, which was recycled back into DFG.
➢ £0.306m shortfall of income. Guaranteed income was capped at a shortfall against target of £2.450m for the first half of contract year 10 (October 2022 to March 2023) (£2.600m target income less a £0.150m agreed relief on GI). This was highlighted as a risk throughout.
➢ Partly offset by reduced running costs in the Management fee, including insurance and mobile recharges.

1.3.£0.103m Favourable movement, mainly due to additional schools traded service income and Revs and Bens income, offsetting additional indexation costs and a shortfall in the TBG SLA income.

1.4.£0.113m favourable movement across the directorate related to one-off staffing vacancies, delayed recruitment and other running costs.

2. Streetscene and Highways (£2.079m favourable variance movement from M9)

2.1 Street Scene</td></tr>
</table>

				> £0.951m favourable outturn position from M9 with a favourable variance movement of £1.834m. This is largely in part because of a £1.500m contract rebate for street lighting in addition to lower than expected in year contract cost resulting in a total £1.930m favourable variance for street lighting between M9 and m12. ➢ £0.442m increased spend in highways inspection and maintenance as a result of shortfall in achieving DLO income target and additional costs to cover increased cost due to weather. ➢ There was an exceptional favourable achievement in garden waste income with a £0.288m better than expected outturn. ➢ £0.679m additional unfavourable cost for the Special Parking Account as we continue to experience the effect of change in parking habits compounded by the delay in CPZ implementation. **3.RE Managed budgets** 3.1 £0.291m favourable movement from M9 to M12. Largely due to inclusion of invoices worth £0.232m for damage to highways raised in M12 to LBB clients.
Assurance	(0.016)	(0.030)	0.014	1. Adverse movement from M9 £0.014m ➢ £0.123m favourable movement in Community Safety, due to delay in implementation of the CCTV service. Expected part year underspend in 2023/24. This is partly offset by the underachievement of Fixed Penalty income in Environmental Enforcement. ➢ CAFT: £0.140m favourable movement due staffing vacancies and additional grant income relating to prior years. One-off surplus in 2022/23. ➢ £0.177m one-off favourable movements in the Governance Service due to short-term vacancies within the Governance Team, lower Members Allowances following decisions by new Administration, and a small reduction in running costs for mayoral support. One-off. ➢ £0.388m adverse movement in Organisational Resilience, largely due to the final insurance Actuarial report for future reported claims. This includes the creation of a £2.768m reserve, largely offset by a drawdown/ release of £2.172m from the historic provision, and £0.208m surplus due to a reduction in current year claims.
Strategy and Resources	(7.014)	(1.964)	(5.050)	➢ £4.300m favourable movement in HRA Interest due under allocation in M11. ➢ £0.536m favourable movement in Higher Investment income on assets held due to variable rates. ➢ £0.129m net favourable movement in Central Expenses largely due to underspend in Contingency budget. ➢ £0.098m favourable movement due to the Insurance budget allocation for this area being increased at year end.
Public Health	0.000	(0.048)	0.048	➢ Slight staffing movement
	6.844	**7.799**	**(0.955)**	

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 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 Table 3 shows the council's use of reserves across revenue, capital and the collection fund.

Table 3: Council Reserves Outturn Position

Reserve	Balance at 31 March 2022	In year Expenditure	Reserve movements	New Reserves Raised	Balance at 31 March 2023
	£m	£m	£m	£m	£m
Capital - Community Infrastructure Levy	28.226	(23.633)	0	20.107	24.699
Revenue implications of capital	3.921	0	(0.352)	0	3.569
Total Capital Reserves	**32.147**	**(23.633)**	**(0.352)**	**20.107**	**28.268**
Public Health	1.828	(0.225)	0	0	1.603
Dedicated Schools Grant	4.870	(0.861)	0	5.702	9.711
Special Parking Account	1.311	0	0	0	1.311
Earmarked Revenue Grants	5.837	(0.669)	(0.021)	0.356	5.503
Brent Cross Designated Area S31	13.449	0	0	0	13.449
Insurance Reserve	0	0	0	2.768	2.768
Council tax and NNDR smoothing	25.021	(27.320)	0	5.121	2.822
Total Ringfenced Reserves	**52.315**	**(29.076)**	**(0.021)**	**13.948**	**37.167**
Local Welfare Provision	4.658	(0.574)	0	0	4.084
Covid-19 Recovery	6.756	(6.756)	0	0	0
Service Specific Revenue Reserves	10.782	(6.609)	5.751	4.812	14.737
Climate change	1.600	(0.057)	0	0	1.543
Council Tax Rebate	2.100	0	(2.100)	0	0
Transformation Reserve	4.053	(0.876)	3.000	0	6.177
Residents Support Fund	0	(0.131)	2.500	0	2.369
Financial Resilience Reserve	44.336	(8.549)	(8.779)	5.347	32.356
Total Committed Reserves	**74.286**	**(23.552)**	**0.372**	**10.159**	**61.266**
Total Earmark Reserves	**158.748**	**(76.261)**	**0**	**44.214**	**126.701**

2.6 The council use of reserves in 2022-23 is £32.047m, of which £22.199m 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 Service-specific use of reserves can be found in Table 4.

Table 4: Service-specific Reserves Outturn Position

Service Areas	Outturn (drawdown)/ top-up to reserves	Commentary
	£m	
Communities, Adults and Health	(9.105)	Earmarked Reserve drawdown - £0.090m Age UK contract £2.161m Earmarked Reserve (Covid support workforce, Prevention Team, Reviewing Officers) £0.289m 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) £0.439m Earmarked reserve drawdown to support 5 year Tree planting program. £0.270m 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 councils leisure contract. £1.200m Hospital discharge income reduction £0.043m Engagement posts £0.420m Practical Support Commitments £0.148m Reviewing Officers (DP) £1.225 MH and Social isolation
Children's Family Services	(2.070)	Consisting of drawdowns across Commissioning - SENDIASS £0.015m, Placements - Foster Carers £0.035m, COVID funding for Children and Young People Wellbeing Service in BICS £0.260m and Children Social Care £0.314; plus £0.361m for BELS support for young people on pathway to employment, £0.025m for Young People opinion survey and £0.024 Safeguarding and Youth Justice, less top up in Early Help 0.118m. Corporately funded items, Children with Disability - young people with EHCP with emotional and wellbeing outcomes £0.612m, Placements £0.121m, BELS Therapies Programme £0.140m, BELS Indexation £0.209m and SEN Transport £0.070m.
Customer and Place	18.591	**Growth, Customer & Commercial:** £0.153m drawdown for sustainability related to staffing and one-off spend on the Sustainability Agenda. This will be reviewed in detail in the coming months. £0.228m drawdown from Homelessness reserves to fund qualifying expenditure. £0.222m drawdown for One Public Estate funded works around Colindale and Graham Park; £0.120m for Southgate/ Osidge Land. This includes consultants used to develop a delivery plan, reviewing the connectivity of and use of land, engagement, and communications. (£0.016m) Drawdown from the Digital and Smart Cities reserve. This is a one-off reserve 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. £0.137m drawdown from general reserves to fund one-off costs related to the Local Plan development and associated legal costs. £0.203m 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. £0.077m 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. life outcomes and the local economy. (£0.261m) top up to from Growth and development to fund reviews of potential sites for future regeneration in the borough. £0.030m Drawdown for NNDR (Business Rates) **Brent Cross:** (£0.607m) Brent Cross Retail Park top-up to the Brent Cross Retail Park reserve. The reserve assists with the council's future vacant possessions strategy. (£0.368m) for the operating reserve for the Brent Cross West Station which goes live in 2023. **Re Managed Budgets:** £0.238m deposit from flood risk management grants £0.316m drawdown for reactive maintenance works £0.030m drawdown for feasibility study for A1000 £0.148m drawdown for Capital Betterment top-up from contingency (£20.107m) 'Year-end transfer of Community Infrastructure Levy (CIL) income to reserve to fund future years CIL related projects. **Street Scene:** £0.027m reserves increase in street lighting £0.122m – agency cover £0.250m community skips roll out £0.190m drawdown from covid for vehicle cleansing £0.150m drawdown from covid for loss of income from commercial waste £0.215m deep cleansing of residential streets roll out £0.050m implementation of invasive weed control programme £0.060m drawdown for signs and lines £0.146m drawdown for HGV driver retention in FY22-23 £0.120m provision for enforcement officers' recruitment

		£0.118m provisions for carry over annual leave; street cleansing (£0.042m) and Waste & Recycling (£0.076m) £0.165m provision for parking lines and signs programme £0.225m provision for HGV driver retention in FY23-24 £0.082m provision for IT systems implementation and training
Assurance	2.418	Elections reserve draw down of £0.744m to fund 2022 Local election, offset by top-up of £0.358m to elections reserve to fund future local elections. Drawdowns for Members IT £0.107m, Food Safety regulatory costs £0.110m. Offset by Top-ups to the Mayoral support reserve for the Mayoral car £0.015m and to the Internal Audit reserve of £0.183m £0.086m top-up to the CAFT reserve. Creation of an Insurance reserve £2.786m
Strategy & Resources	4.990	(£2.474m) top-up to the NLWA Levy smoothing reserve £0.573m drawdown for Housing Benefit Payments (£3.463m) top up of Financial Resilience Reserve from historic goods receipts that are no longer required and receipts in relation to TPP. £0.068m drawdown of Syrian VPR related to Syrian Vulnerable Persons Resettlement Programme £0.306m drawdown of COVID reserve £0.292m drawdown of Financial Resilience Reserve to cover cost of living payments agreed by leader of the council and Chief Exec £0.130m drawdown of Residents Support Fund to fund Crisis Fund (£0.253m) creation of new Persian Advice Bureau and New Citizens Gateway Reserve (£0.035m) top up of Strategy and Comms minor projects reserve for extra-budgetary projects that will take place in 23/24. £0.078m drawdown of Neighbourhood CIL reserve for four year funding to support Community Engagement (£0.200m) creation of new Ukrainian Asylum Seekers reserve
Public Health	(1.030)	Prevention Fund £0.560m, Insight and Intelligence £0.147m, Cycling Training £0.077m, Comms Officer £0.075m, Dementia Training £0.065m, plus other smaller commitments. Community Innovation Fund £0.300m, Community Vaccine Champions £0.452m
Transformation	(0.512)	Drawdown to support the Transformation programme
Total	**13.283**	

Savings

2.8 The budget for 2022/23 includes planned savings of £7.954m; of which £7.343m of these savings were achieved.

2.9 The gap in savings delivery in Children and Family Services is related to £0.255m of additional income dependent upon contributions from Health and Education partners which has not materialised. 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 underachievement of income generation proposals in Assurance was largely due to start-up and training delays for the Community safety team issuing Fixed Penalty Notices for fly tipping. Resources have also been diverted to support council priorities, including Community hubs and walks. 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 at risk.

Table 5: Savings Delivery 2022-23

Service Area	Savings target 2022-23	Savings Achieved	(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, pressures, and opportunities

2.11 In preparing this report, several overall (corporate) and service-specific risks have been identified which will have a potential impact on 23/24 financial year.

2.12 Adults and Health

- Demographic - Activity continues to rise, an assumption has been built into 23/24 budgets, but it is highly likely that actuals will exceed estimates, especially with the continuation of significant discharges from hospital. The service has seen a shift towards more complex Nursing care packages which has resulted in a higher average unit cost of care.
- Provider Market inflation - Market conditions continue to present a risk; the inflation offer for 23/24 is c6-7% this is likely to be challenged by the market if inflation remains stubbornly high.
- YCB - The operating losses presenting last financial year will continue into 23/24 whilst major refurbishment works are underway on the two care homes, this will have an adverse impact on income. There are also upward inflationary pressures on the cost of food and utilities.
- Continued workforce pressure - The previous two financial years have seen a significant impact on demand which has led to pressures in the workforce. This situation has continued into 2022/23, the service has continued to utilise one-off funding streams which in the main have been exhausted.
- Health Joint Funded Packages - Reconciling packages earmarked as joint health funded continues to be set a challenge. There has been considerable work in this field during 22/23 however Health partners are challenging funding decisions.
- Transitions - Costs for transition clients are reporting exponential rises as market conditions become challenging coupled with packages becoming more complex in nature.
- 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

2.13 Children's and Family Services

- The cost pressure on placements continues as the number of children and young persons with complex mental health needs and complex behavioural needs requiring solo provision and Deprivation of Liberty has increased. This is borne out in the 2022/23 placements outturn of £5.7m overspend against the agreed budget. The number of children and young persons with suicidal ideation and self-harm in solo provision currently being supported is 5, at a cost of £2.5m per annum. There are a further 3 children and young persons with complex behavioural needs in solo provision with DOLS being supported at a cost of £0.5m; and 6 children and young persons at exploitation risk who are being supported at a cost of £1.7m. Court delays continue to have a negative impact costing at least £0.360m. Whilst the levels of complexity of the these looked after young people was in the past considered rare or needs were met by other agencies, it is projected that the cost pressure is ongoing into 2023/24.

2.14 Customer and Place

- The direct impact of the cost-of-living crisis has seen an increase in TA numbers in Q4 22/23, and this demand is expected to rise. Early forecasts are showing a significant increase in demand in 23/24.
- There are also supply-side pressures which will need to be managed:
- The removal of properties from the private rented sector by landlords.
- Increasing interest rates and the cost of borrowing impacting council capital programmes increasing the supply of affordable homes, with 2023/24 savings related to TA cost avoidance through increasing the supply at risk.
- Market forces applying upwards pressure to the costs of TA, making it more difficult for the council to secure affordable, good quality housing.
- The Estates service conducts monthly reviews of the outstanding commercial debt. This could lead to subsequent write-offs of income related to prior years. The level of outstanding debt will again be reviewed quarterly.
- Pressures across the estate, from utilities, the need to extend leases associated with on-going capital programmes, unexpected reactive repairs across, and fire safety and other legislation, requiring the council to bring buildings up to regulatory standards.
- From April 2023, Regional Enterprise services were insourced. These services included Planning and Building Control, Regulatory Services and Highways. For 2023/24 there is a potential financial pressure arising due to this insourcing. This will be closely monitored in the year and updates will be provided to Cabinet.
- There is still a considerable risk to parking income as a result of slippages in the implementation of the CPZ programme as well as the delay in the implementation of moving traffic cameras. The scale of the shortfall in 2022/23 was £1.1m and this remains a reasonable estimate for 2023/24.

2.15 Corporate

- Inflation risks continue to be a council-wide risk, with the latest headline CPI rate standing at 8.7%. Although the rate of inflation is falling, it is not falling at the rate originally predicted by the Bank of England and economists. There is a risk that the inflation assumptions which informed the 2023/24 budget were too low and this could cause a pressure in 2023/24.

3 Ringfenced funding

Housing Revenue Account (HRA)

3.1 The HRA budget has been set in line with the 30-year business plan and approved by Full council March 2022.

3.2 The service-related elements of the HRA underspent by £1.462m. This is offset by a corresponding charge of £1.462m in RCCO (Revenue contribution to Capital Outlay). The £1.462m underspend is comprised of:

- £2.425m from Interest received on Cash balances held. This is due to a forward borrowing of £50m back in September 2022.
- £0.720m Revenue Repairs and Maintenance costs is primarily due to unexpected reimbursement from the insurance for past repairs claims.
- Adverse outturn in the Housing Management fee, due to the revised inflationary increase on TBG Core fees. This was budgeted at £0.604m (c.3% increase). However, due to the agreed pay award, this is £1.301m (6.31% average increase across TBG.

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.
- 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 has included the 7% uplift, in line with most London Authorities for 2023-24

Table 6: HRA Outturn position

HRA - Revenue	21-22 Outturn	2022-23 Budget	Month 12 Outturn Outturn after reserves	Month 12 Variance After reserves	In-Month change
	£m	£m	£m	£m	£m
Dwelling Rent	(50.397)	(52.333)	(52.578)	(0.245)	(0.245)
Non-Dwelling Rent	(1.273)	(1.242)	(1.069)	(0.033)	0.086
Service & Other Charges	(6.842)	(6.851)	(6.628)	0.222	0.363
Other Income	0.447	-	(0.317)	(0.111)	(0.111)
Housing Management	19.014	19.451	20.624	1.543	0.652
Other Costs	1.735	1.806	1.647	(0.159)	(0.315)
Internal recharges	2.839	2.868	3.082	(0.159)	(0.157)
Repairs & Maintenance - Mgt Fee	8.584	10.462	9.743	(0.720)	(0.720)
Repairs & Maintenance - Non-Core	0.975	-	0.000	0.000	0.000
Provision for Bad Debt	0.589	1.261	0.942	(0.320)	(0.058)
Regeneration	0.168	0.684	0.688	0.002	(0.021)
Debt Management Expenses	10.103	10.578	11.520	0.942	1.057
Interest on Balances	(0.116)	(0.009)	(2.434)	(2.425)	(2.329)
HRA Revenue (Surplus)/Deficit	**(14.174)**	**(13.323)**	**(14.782)**	**(1.462)**	**(1.797)**
Depreciation	12.222	12.683	12.683	-	-
RCCO	1.933	0.536	1.998	1.462	1.797
HRA Capital Charges	**14.155**	**13.219**	**14.681**	**1.462**	**1.797**
HRA (Surplus)/Deficit	**(0.020)**	**(0.100)**	**(0.100)**	**-**	**-**

3.4 The HRA reserve is £4.120m.

Table 6a: HRA reserves at Outturn

	B/Fwd	Revenue Movement	Depreciation & RCCO	Funding for Capex CFR	C/Fwd
	£m	£m	£m	£m	£m
HRA Reserve	(4,020)	(14,782)	14,681	-	(4,120)
Major Repairs Reserve	(2,000)	-	(14,681)	14,681	(2,000)
HRA Reserves	**(6,020)**	**(14,782)**	**0**	**14,681**	**(6,120)**

Dedicated Schools Grant (DSG)

3.5 The DSG outturn is a surplus of £4.841m. This is outlined in Table 7.

3.6 The total allocation for Barnet DSG is £399m with £250.692m 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 additional 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 reported underspend of £1.457m against High Needs is due to £1.400m of earmarked funding for therapies and educational elements of children in placements that has not been utilised at this time.

Table 7 DSG Outturn

	2021/22 Outturn £m	2022/23 Budget £m	2022/23 Outturn after reserves £m	2022/23 Variance after reserves £m
Expenditure				
Schools:				
- Individual Schools Budget	150.578	151.829	152.267	0.438
- ESG retained funding	0.700	0.700	0.700	-
- Growth Fund	-	2.745	0.384	(2.361)
- Central schools' expenditure	2.216	2.266	2.344	0.078
Sub-total	153.494	157.540	155.695	(1.845)
Early Years Block	28.348	30.720	29.181	(1.539)
High Needs Block	56.840	62.432	60.975	(1.457)
Sub-total	85.188	93.152	90.156	(2.996)
Total	**238.682**	**250.692**	**245.851**	**(4.841)**
Income				
DSG Income	(240.735)	(250.692)	(250.692)	
Total	**(2.053)**			
Net DSG 22-23	**150.578**			**(4.841)**

3.9 The DSG reserve brought forward balance into 2022-23 was £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, of which £0.213m has been utilised. In addition to this, £0.400m of funding has been provided to support our maintained nurseries, £0.198m agreed funding for schools' improvement and £0.050m for backdated union claims. A further £1.000m is earmarked for therapies (High Needs).

Table 7a DSG Reserves at Outturn

DSG reserves	B/Fwd	Use of Reserve	Top up Reserve	Net Reserves Top Up	C/Fwd
	£m	£m	£m		£m
DSG Reserve	(4.870)	0.861	(5.702)	(4.841)	(9.711)
DSG Reserves	**(4.870)**	**0.861**	**(5.702)**	**(4.841)**	**(9.711)**

Public Health Grant

3.10 The Public Health Grant of £18.318m overspent by £0.206m. This was funded by a drawdown from the Public Health ring fenced reserve. The variance related to some increased contractual costs and pre planned one off use of the Public Health Reserve for Prevention projects & staff costs partially offset by underspends in some of the demand led areas of expenditure.

3.11 A further £0.020m was drawn down from Public Health Reserve to cover other one-off items.

Table 8a Public Health outturn position

Service Area	2022/23 Budget	2022/23 outturn	Variance	PH Reserve applied	Variance after Reserves
	£m`	£m	£m	£m	£m
Public Health Grant	18.318	18.524	0.206	(0.206)	0.000
Total	**18.318**	**18.524**	**0.206**	**(0.206)**	**0.000**

3.12 The Public Health Grant Reserve carried forward from 2021/22 was reported at £1.828m. The carry forward at end of 2022/23 is £1.602m

Table 8b Public Health Grant Reserve position

Reserves use	Reserve at start of 2022/23	Use of Reserve	Reserve c/fwd to 2023/24
	£m	£m	£m
Public Health Reserve	1.828	(0.226)	1.602

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 outturn position for the SPA and the appropriation to the general fund. The SPA outturn for FY22-23 is a shortfall of £2.344m.

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 most areas of Penalty Charge Notice (PCN) issue.
- CCTV enforcement income has been lower than anticipated, in part due to the suspension of bus lanes on the A5 corridor over an extended period during the year and junction realignment at West Hendon. Delays in the implementation of new sites have also been a factor as well as parking suspension income being lower than expected due to major utility programmes moving outside of controlled parking areas.

3.15 There was a slightly better than expected outturn position in income for permits and paid parking fees.

3.16 Operational savings of £0.321m on the NSL contract costs and equipment cost have helped to mitigate the budget shortfall for SPA.

Table 9 Special Parking Account Outturn

Special Parking Account	2022-23 Budget	2022-23 Outturn	
	£m	£m	£m
	Budgeted SPA	Outturn	Variance
Penalty Charge Notices	(12.977)	(10.775)	2.202
Residents Permits	(3.232)	(3.282)	(0.050)
Pay & Display	(3.725)	(3.471)	0.254
CCTV Bus lanes	(1.110)	(0.851)	0.259
Total Income	**(21.044)**	**(18.379)**	**2.665**
Operating Expenditure (running costs)	**7.732**	**7.411**	**(0.321)**
Net Operating Surplus	(13.312)	(10.968)	2.344
Appropriation to General Fund	**(13.312)**	**(10.968)**	**2.344**

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 The outturn position for Transformation 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 Outturn

Transformation Programme	2022-23 Outturn	2022-23 Forecast at M9	Movement
	£m	£m	£m
Staff costs	0.468	0.402	0.066
Non-staffing costs	0.044	0.247	(0.203)
Total	**0.512**	**0.649**	**0.010**
Funded by reserves	(0.512)	(0.649)	(0.137)
Over/(Underspend)	**-**	**-**	**-**

4 2023/24 Budget Management

Contingency

4.1 The contingency budget is a useful tool in effective financial management of an organisation. It provides a mechanism to allocate additional funding on a temporary or permanent basis during the financial year. This allows the recognition and funding of costs over and above those included within the council's base budget. It is a more appropriate mechanism than the use of one-off funding, such as reserves, in meeting the costs of pressures as it enables the council to 'live within its means' both in the short and longer term. Council financial regulations also should prevent expenditure being incurred for which there is no budget provision. Allocations from contingency ensure that the financial regulations can be adhered to when unexpected items occur. This therefore supports the delivery of the organisation's overall financial strategy.

4.2 The contingency budget is usually forecast to be fully spent within the financial projections despite containing unallocated elements. This means that any virements to areas displaying a financial pressure will generally benefit the bottom line of the Council's projected outturn variance. At the start of the 2023/24 financial year, we had £25.232m contingency funding available.

4.3 When preparing the budgets, all inflationary and service pressure allocations within the MTFS are held within the contingency budget and are allocated during the year to service areas when the true costs are better understood. Of the £25.232m contingency balance, £13.284m is earmarked for non-pay inflation and £6.948m is earmarked for pay inflation. The balance of £5m is held to support unseen funding pressures.

4.4 The table below shows that there is £4.266m unallocated contingency remaining for 2023/24. If there are no calls on this balance, it will be carried forward into the 2024/25 contingency budget.

Table 11 Contingency Budget 2023/24

	£m
Contingency Budget 2023/24	**25.232**
Posted in 2023/24	
Climate Change (Sustainability Team)	(0.508)
A1000 Cycleway maintenance	(0.160)
Help support and develop women and girls football in Barnet	(0.075)
Total Posted	**(0.743)**
23/24 Commitments not yet posted	
Pay inflation to be allocated	(6.949)
Non-Pay Inflation to be allocated	(13.284)
To be posted	(20.232)
TOTAL Remaining	**4.266**

Virements

4.5 The constitution requires that any virement from contingency of £0.250m or above are approved by Cabinet. Further, any virements between services over £0.250m must also be approved by Cabinet.

4.6 Cabinet is asked to note that as part of 2022/23 year end outturn, following the final calculation of insurance recharges for 2022/23, budget virements were processed to directorates to offset this charge and ensure no impact on their outturn positions.

4.7 When the 23/24 budget was set, £13.284m was set aside for non-pay inflation pressures within services. Officers are currently reviewing non-pay inflationary pressures for 2023/24 and Cabinet are asked to approve the delegation of the final non-pay inflation virement to the Chief Finance Officer (S151 Officer). This approval is subject to the final virement being contained within the contingency budget and being no more than 10% above the amount set aside when the budget was set.

5 Capital Programme

5.1 The capital outturn for 2022-23 is £244.115m, of which £151.932m relates to the General Fund programme and £92.184m relates to the HRA capital programme.

Table 12 Capital Outturn

Service Area	Original 2022-23 Budget	2022-23 Revised Budget (Feb P&R)	2022-23 Outturn	Variance from Original Budget	Variance from Revised Budget
	£m	£m	£m	£m	£m
Adults and Health	18.732	7.241	5.202	(13.530)	(2.038)
Children's Family Services	17.410	13.393	13.100	(4.310)	(0.293)
Assurance	0.530	0.350	0.618	0.088	0.268
Customer and Place	175.636	95.091	78.670	(96.966)	(16.421)
Brent Cross	73.423	73.894	53.206	(20.217)	(20.688)
Resources	0.000	3.188	1.135	1.135	(2.053)
General Fund Programme Total	**285.731**	**193.157**	**151.932**	**(133.799)**	**(41.225)**
HRA	124.563	97.969	92.184	(32.379)	(5.785)
Grand Total	**410.526**	**291.125**	**244.115**	**(166.411)**	**(47.010)**

5.2 **Adults and Health –** The Adults and Safeguarding Capital budget for 2022-23 underspent by £2.038m. This primarily relates to delays to Greenspace Development and Disabled Facilities project spend, all of which will be reprofiled into 2023/24.

5.3 **Children's and Family Service** – The Children and Family Services Capital budget for 2022-23, reports an underspend £0.293m against the revised budget. The underspend is due mainly to slippage against the Oakleigh SEN Phase 2 and Whitefield ASD planned works and will be re-profiled to future years.

5.4 **Customer and Place** – The capital programme is underspending by £16.421m in 2023-24.

- Housing General Fund:
  - £0.659m Microsites – the remaining capital budget will be requested to be added to the New Build Housing (Open Door) (Tranche 3) programme as they are managed as one programme and the work on the Microsites programme has now finished.
  - £2.229m re-profiling in the Upper and Lower Fosters (Sage) programme due to delays on site due to utility issues.
  - £0.286m re-profiling in the Small Sites Programme as the team are working on final design and most of the spend is expected in 23/24.

- Growth and Regeneration – General:
  - Depot Relocation slippage of £3.031m is due to delays in the modular building contract mobilisation & procurement.
  - Asset Management - £1.118m due to changes in scope decisions to change direction & re-prioritise.
  - Colindale FoW Modifications - £0.519m due to programme delays.
  - The Burroughs, Hendon - £2.022m is due re-profiled property acquisitions and project costs, where the budget included 7 acquisitions of which 4 will be acquired in future years.
  - The below programmes have had budgets re-profiled into 2022/23:
  - Care Homes Maintenance budgets spend of £0.516m due to the larger building work progressing faster than anticipated.
  - Public Sector Decarbonisation Scheme Phase 3 spend of £0.291m due to works progressing faster than anticipated.

- Re (Environment):

- The underspend of £0.667m is to be re-profiled into 2023/24 and is largely due to the underspend in the Colindale and Rushgrove parks (£0.285m) and the regeneration of Hendon cemetery and crematorium (£0.289m)

5.5 Street Scene: Slippages in installation of moving traffic cams (£0.352m) and LED Lighting (£0.252m) installations as a result of operational challenges and supply chain shortfalls respectively.

- Barnet EV 500 project not completed as anticipated with a slippage of £2.305m. Given the conditions of the grant, an extension has been sought from the grant provider.
- 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. Outturn variance to original allocation is an overspend of £0.429m.
- Highways and Transportation SCIL: £0.797m slipped into 2023/24. Due to the nature of the works being similar to the ones in the NRP Phase Two Programme mentioned above.

5.6 Assurance – The capital programme is overspending by £0.268m in 2023-24 due to additional CCTV Hardware purchases.

- £2.013m of the CCTV capital programme was re-profiled into 2023/24 at February Policy and Resources Committee.

5.7 **Brent Cross** – The 2022/23 outturn position indicates re-profiling of £20.688m required across all elements of the programme. The final budgetary position was based on M8, whilst it must be noted the M10 forecast and latest programme update was presented to the Housing & Growth Committee in March 2023.

- Land Acquisitions – The 2022/23 outturn position is re-aligning £0.999m into the next financial year, this is part of the £20.688m shown within table 11 above. As noted above, a M10 forecast was completed and the variance between Outturn and M10 is a reduction of £0.198m which is mainly due to the civil contractor works for the Western Public Realm square not all being completed prior to year-end along with minor changes in resource allocation.

- Brent Cross West Station – 2022/23 outturn position is re-profiling £17.009m into the next financial year, this is part of the £20.688m shown within table 11 above. The overall variance between Outturn and M10 is a net reduction of £1.631m further detail for the individual work packages is detailed below:

- Delivery packages
  - Station Construction - £1.124m reduction compared to M10 which is due to the reprofiling of cost liabilities and payments while ongoing commercial negotiations take place.
  - Rail Systems and Sidings - £0.259m reduction compared to M10 which is due to the reprofiling of expenditure with Network Rail within the Mace Programme Management to 2023/24.
  - TOC Accommodation & Fuel Farm - £0.205m reduction compared to M10 which is due to risk allowances for the TOC being reprofiled to 2023/24.
- Regeneration Packages
  - Net £0.043m reduction across Waste Transfer Station, Integrated Programme Management Office Delivery, Land Purchase Costs and BXW Geron Way work packages. This relates to changes in resource allocation, retention payments deferred to 2023/24 and technical highway approvals not incurred as expected in year.

- Critical Infrastructure – 2022/23 outturn position indicates re-profiling £1.251m into the next financial year, this is part of the £20.688m shown within table 11 above. The overall variance between Outturn and M10 is a net reduction of £0.572m further detail for the individual work packages is detailed below:
  - Substation - £0.379m accelerated expenditure compared to M10 which is due to an acceleration of Power On Connections Milestone 12 and a push back of risk and contingency allowances.

- Southern Junctions - £0.855m reduction compared to M10 in which £0.702m of this relates to the treatment of allowances on Price Cost Estimates provided by Newsteer. Furthermore £0.069m of the variance relates to forecasted compensation payments which slipped into future years and a £0.058m saving on the close out of the physical junction works.
- Tilling Road / Claremont Junction - £0.063m reduction compared to M10 which is due to signals design by TFL not being incurred prior to year-end.
- Whitefield's Estate Plot 53 / 54 including demolition - £0.034m reduction compared to M10 which is mainly due to the reprofiling of legal fees to 2023/24.

- BXT Land Acquisitions –2022/23 outturn position indicates re-profiling £1.429m into the next financial year, this is part of the £20.688m shown within table 11 above. As noted above, a M10 forecast was completed and the variance between Outturn and M10 is a reduction of £0.456m which is mainly due to a delay in a hardship buyback with the completion pushed into 2023/24 and a change in allowance for the Price Cost Estimate for one of the Councils commercial properties.

HRA Capital Investment

5.8 The HRA Capital programme budget was re-profiled at Policy & Resources Committee in February 2023, to reflect the most up-to-date use of resources.

5.9 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.

5.10 At Outturn, the HRA capital programme has £5.785m net re-profiling into 2023-24.

- £6.070m delays on HRA Acquisitions due to a lack of suitably priced properties coming on the market and delays in completions on three properties.
- £3.126m re-profiling on development programmes due to delays in start on site on several sites.
- £3.411m additional spend on Existing Stock Investment programmes is due to works moving faster than expected.

Funding of the Capital Investment Programme

5.11 The composition of capital funding for 2022/23 is detailed in table 12.

Table 13 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	3.312	0.048	0.005	0.000	1.775	0.000	0.062	5.202
Children's Family Services	11.850	1.152	0.002	0.000	0.095	0.000	0.000	13.100
Assurance	0.001	0.000	0.000	0.000	0.617	0.000	0.000	0.618
Customer and Place	4.916	1.341	3.820	0.000	18.931	0.000	49.662	78.670
Brent Cross	50.356	0.000	0.000	0.000	0.000	0.000	2.850	53.206
Strategy & Resources	0.000	0.000	0.000	0.000	0.000	0.000	1.135	1.135
General Fund Programme	**70.436**	**2.541**	**3.827**	**0.000**	**21.418**	**0.000**	**53.709**	**151.932**
HRA	11.281	0.800	0.945	14.681	0.000	0.000	64.477	92.184
Total Capital Programme	**81.717**	**3.341**	**4.772**	**14.681**	**21.418**	**0.000**	**118.186**	**244.115**

2022/23 Outturn Funding Swaps

5.12 As part of the capital funding process for 22/23 outturn, a review was undertaken to assess if any spend funded by borrowing could be substituted for CIL. Projects where 2022/23 spend was funded by borrowing were reviewed and £7.903m of spend that could be substituted for CIL was identified. The table below sets out these projects:

Table 14 Outturn Funding Swaps

Capital Program	Spend 2022/23 £m	Borrowing substituted for CIL £m
FAMILY FRIENDLY HUB FITOUT	0.037	0.037
Highway Asset Man/NRP Phase 2	0.858	0.858
Highway Asset Management/Network Recovery Plan (NRP) Phase 2	5.708	5.195
Highways (permanent re-instatement)	0.026	0.022
Investment in Roads & Pavement (NRP)	0.533	0.533
LED Lighting	0.348	0.348
Milespit Cemetery Works	0.174	0.174
Minor Highways Improvements	0.737	0.737
TOTAL	**8.421**	**7.904**

Capital Programme 2023-27

5.13 The council has a significant capital programme across both the General Fund and the Housing Revenue Account (HRA). Capital projects are considered within the council's overall medium to long term priorities, and the preparation of the capital programme is an integral part of the financial planning process. This includes taking account of the revenue implications of the projects in the revenue budget setting process.

5.14 The summary of the revised capital programme for Cabinet approval broken down by Portfolio is as follows:

Table 15 Summary of proposed Capital Programme after changes

Portfolio	2023-24	2024-25	2025-26	2026-27	Total
	£m	£m	£m	£m	£m
Adults and Social Care	5.528	3.762	0	0	9.290
Homes and Regeneration (Brent Cross)	60.285	25.882	0	0	86.167
Family Friendly Barnet	12.462	9.374	5.431	5.821	33.088
Culture, Leisure, Arts and Sports	1.750	0	0	0	1.750
Environment and Climate Change and Climate Change	41.373	17.864	12.960	0	72.198
Homes and Regeneration	146.383	67.911	45.936	0.860	261.090
Resources and Effective Council	25.037	4.770	0	0	29.807
Total - General Fund	**292.817**	**129.562**	**64.327**	**6.681**	**493.388**
Housing Revenue Account	115.972	76.941	63.848	47.376	304.136
Total - All Services	**408.789**	**206.504**	**128.175**	**54.057**	**797.524**

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

Slippage/Acceleration

5.16 The net slippage/acceleration was £47.010m with £58.615m spend being slipped out of the 2022/23 financial year into future periods and £11.605m accelerated into 2022/23.

Table 16 Capital program changes since March 2023 Full Council

Budget Movement Type	2022-23 Outturn	2023-24 Budget	2024-25 Budget	2025-26 Budget	2026-27 Budget	Total Budget
	£m	£m	£m	£m	£m	£m
Reported Capital Budget		**353.022**	**206.504**	**128.175**	**54.057**	**741.758**
Slippage/Acceleration	(47.010)	47.010				0
Additions		7.551				7,551
Deletions		(0.040)				(40)
June 2023 Revised Programme		**408.789**	**206.504**	**128.175**	**54.057**	**797.525**

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

5.18 The breakdown of net slippage and acceleration by Portfolio is shown below:

Table 17 Summary of Net Slippage

Portfolio	Net Slippage	Net Acceleration	Net Slippage/Acceleration
	£m	£m	£m
Adults and Social Care	(0.529)	0	(0.529)
Homes and Regeneration (Brent Cross)	(20.688)	0	(20.688)
Family Friendly Barnet	(0.594)	0.306	(0.288)
Culture, Leisure, Arts and Sports	0	0.273	0.273
Environment and Climate Change	(7.607)	0.276	(7.330)
Homes and Regeneration	(7.540)	1.518	(6.021)
Resources and Effective Council	(6.632)	0	(6.633)
Total - General Fund	**(43.589)**	**2.374**	**(41.216)**
Housing Revenue Account	(15.026)	9.231	(5.794)
Total - All Services	**(58.615)**	**11.605**	**(47.010)**

Table 18 Capital Programme changes since February 2023 P&R Committee

Budget Movement Type	2023-24 Budget	2024-25 Budget	2025-26 Budget	2026-27 Budget	Total Budget
	£m	£m	£m	£m	£m
February 2023 Council Approved Programme	**401.278**	**206.504**	**128.175**	**54.057**	**790.014**
Additions*	7.551				7,551
Deletions	(0.040)				(40)
June 2023 Cabinet Revised Programme	**408.789**	**206.504**	**128.175**	**54.057**	**797.525**

*Includes £3.013m approved at Policy & Resources Committee for Meadowside and Dell Field Homes

Additions

5.19 Public Sector Decarbonisation Scheme Phase 3 (£0.7m) additional funding required until more certainty is known of the timing of the MEEF borrowing.

5.20 Local Implementation Plan 2016/17 and onwards (£3.0m) to deliver Bus Priority / Cycleways Network Development

5.21 Moxon Street & Whiting's Hill OBC (£0.485m) funding for the post-planning and pre-contract stage, for professional services support to tender and set up the development agreement for delivery.

5.22 Estates Optimisation Programme (£0.105m) capital funding to deliver office reconfigurations and meet additional Environmental Health service requirements.

5.23 Bus Route 125 (0.240m) additional capital funding for sums due to TFL.

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

Table 19 Funding of the Proposed Capital Programme

Portfolio	Grants	S106	Capital Receipts	RCCO/ MRA	CIL	Borrowing (MEEF)*	Borrowing (PWLB)	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Adults and Social Care	6.483	0.155	0.038	0	2.471	0	0.143	9.290
Homes and Regeneration (Brent Cross)	59.209	0	17.517	1.011	0	0	8.430	86.167
Family Friendly Barnet	28.186	1.657	0.155	0	0.268	0	2.822	33.088
Culture, Leisure, Arts and Sports	(0.106)	0	0	(0.001)	1.746	0	0.111	1.750
Environment and Climate Change	3.213	5.636	0.382	(0.043)	29.510	0	33.499	72.197
Homes and Regeneration	53.084	7.234	9.976	0.443	37.067	8.400	144.885	261.090
Resources and Effective Council	0.001	0.045	0.054	0	(0.969)	0	30.675	29.807
Total - General Fund	**150.071**	**14.727**	**28.122**	**1.410**	**70.092**	**8.400**	**220.565**	**493.387**
Housing Revenue Account	14.537	2.900	10.045	38.904	0	0	237.750	304.137
Total - All Services	**164.608**	**17.628**	**38.167**	**40.315**	**70.092**	**8.400**	**458.314**	**797.524**

*MEEF – Mayor;s Energy Efficiency Fund

Borrowing

5.25 £458m of the total capital programme will be funded from borrowing of which £125m is on-lent to Opendoor Homes for the acquisition or delivery of new housing.

5.26 Borrowing is typically, Public Works Loan Board loans to support capital expenditure; this type of capital funding has revenue implications (i.e. interest and provision to pay back loan).

5.27 Included in the total Capital programme, is £8.4m borrowing from the Mayor's Energy Efficiency Fund. This borrowing is cheaper than PWLB borrowing and is only eligible to use on projects intended to achieve net zero.

Capital Receipts

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

5.29 £38.2m of the above capital programme is planned to be funded by capital receipts. Of the £38.2m, £10.0m will be funded from HRA capital receipt (RTB Receipts) and £28.2m from General Fund Receipts.

5.30 Current receipts are standing at £43.827m with £34.744m being HRA receipts and the remaining £9.083m are General Fund receipts. The current disposal programme estimates General Fund disposals of £9.158m in 23/24 and £8.325m in 24/25.

5.31 Assuming no further General Fund disposals there would be a shortfall of capital receipts which would be replaced by borrowing which would result in additional interest and MRP costs.

5.32 £10.0m HRA expenditure will be funded from Capital receipts from Right to Buy sales. HRA funding will also finance Open Door New Build Housing (£6.28m), of which is shown in the above table under Homes and Regeneration Portfolio. Current HRA capital receipt balances plus future estimates suggest that there will be enough HRA capital receipts to fund the relevant projects.

Capital Grants & Contributions

5.33 The current capital programme shows £164.6m will be funded from Capital Grants. S106 and CIL are standing at £17.7m and £70.1m, respectively.

5.34 Capital grants are mainly received from central government departments (such as the Brent Cross grant from MHCLG) or other partners or funding agencies (such Transport for London, Education Funding Authority).

5.35 S106 contributions are a developer contribution towards infrastructure; confined to specific area and to be used within specific timeframe.

5.36 Community Infrastructure Levy (CIL) funds are developer contribution towards infrastructure; they can be used borough wide but still has time restrictions on use.

5.37 Current capital programme forecasts plus future estimates suggest that there will be enough S106 contributions to fund the relevant projects.

6 Revenues and debt

Collection Fund – Council Tax

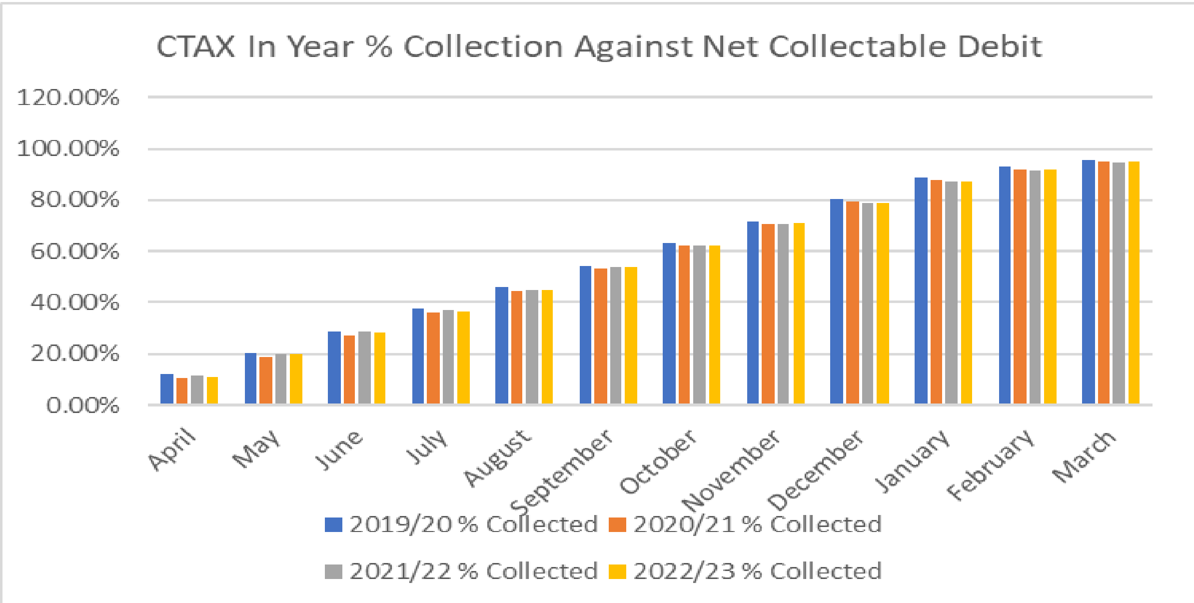
6.1 For the purposes of this report, current year information has been compared against 2019-20, 2020-21 and 2021-22. This is to allow a visible comparison from pre-pandemic through to current period.

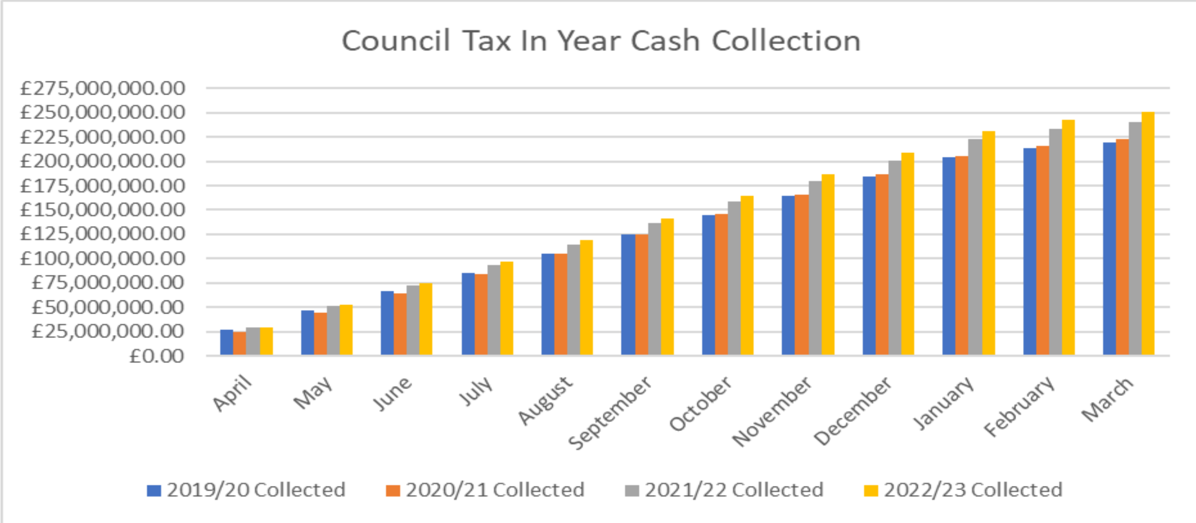
6.2 The collection rate in March 2023 is 95.01%, this is 0.55 higher than March 2022, 0.07% higher than March 2021, and 0.64% lower than March 2020 (pre-pandemic). Benchmarking within London shows this is not unique, and CSG are focusing on older council tax debt as they onboard more staff to support overall across local taxation and benefits.

6.3 In cash terms, March 2023 collection levels are £10.312m higher than March 2022, £28.416m higher than 2021 and £31.928m higher than 2020 (pre - pandemic) – this is due in part to annual increases in both the council tax base and the household charge over two budget cycles.

6.4 There has been an underlying recovery impact from COVID-19 in Council Tax, however the council's tax base has improved through additional completions 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 (£0.027m) from previous months' and are now forecasting to be £0.394m above budget. This can be managed through the Collection Fund Adjustment Account.

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



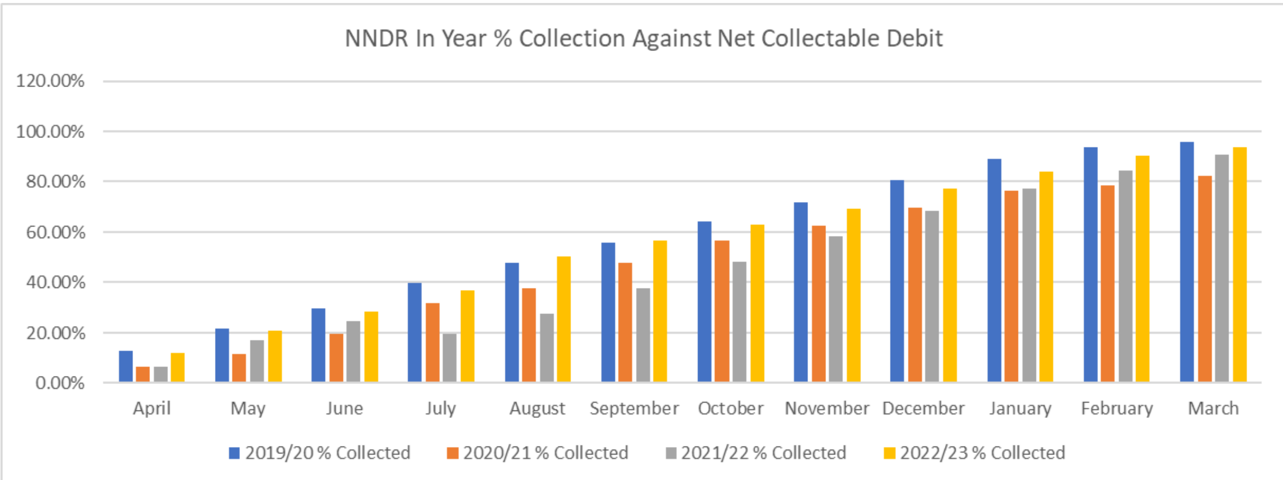


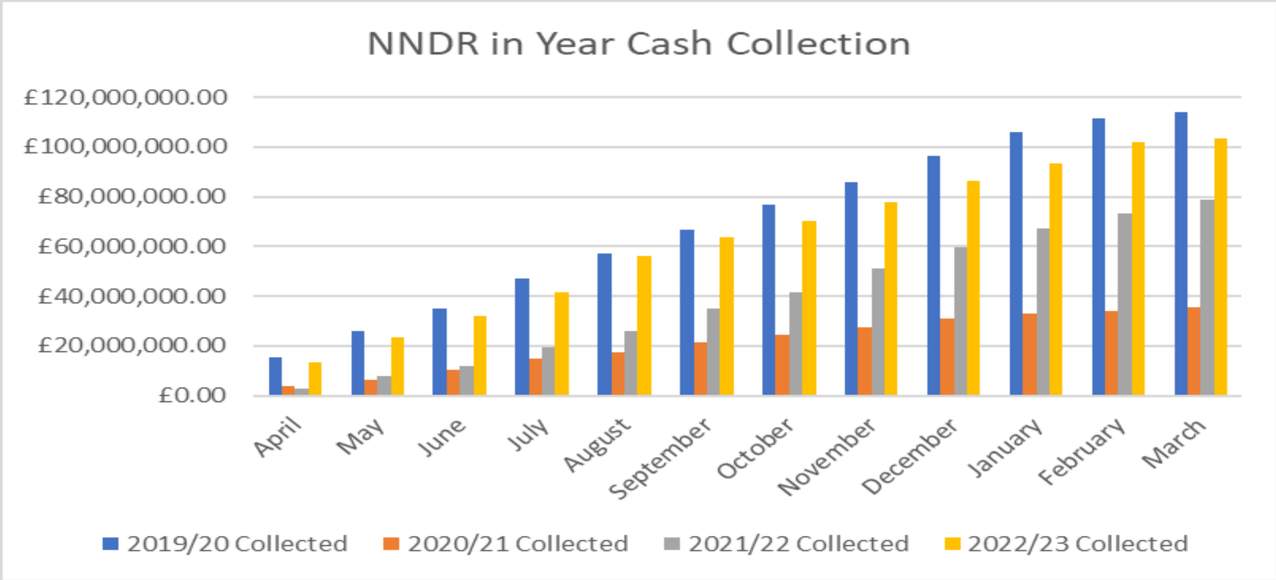
<u>Collection Fund – Business Rates</u>

6.6 The Business Rates collection rate in March 2023 is 93.74%, an increase of 2.91% compared to March 2022, 11.32% increase compared to March 2021 but 2.21% lower than March 2020.

6.7 In cash terms, the current collection level is £24.780m higher than March 2022, £68.021m higher than March 2021 and £10.237m lower than March 2020. The cash collection is impacted by the Net Collectible debit (NCD) in each year. In March 2023, the NCD is £23.743m higher than March 2022, however £8.125m lower than March 2020 (pre-pandemic). The NCD is impacted by the amount of grant received by the council, for example, expanded retail reliefs.

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





Emergency financial support for residents

6.9 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 March 2023 are £1.473m, a 29.08% reduction in expenditure against March 2022. 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 £1.475m. The full allocation was awarded apart from a returned overpayment.
- Discretionary Council Tax Discounts (Section 13A payments) awarded in March 2023 are £0.395m, a 24.19% increase against March 2022. 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 March 2023, the total awarded value is £0.576m. A 7% increase compared to March 2022 (in addition to the increased Council Tax Hardship explained in point 2). There has been a total of 2,177 applications until the end of month 12. Barnet's new software to identify average vulnerability and velocity of change scores for all Barnet post codes has now been launched, along with Barnet's new online Benefit Calculator. Propensity profiling across Barnet's Council Tax arrears to identify vulnerability has commenced.

Court Costs

6.10 March 2023 court costs awarded are £2.409m. This is 17% higher than March 2022, 144% higher than March 2021 (impacted by pandemic) and 8.6% higher than March 2020 (pre-pandemic). The council budgeted income of £1.689m was surpassed.

6.11 Court costs collected in March 2023are £1.476m. This is 7.1% higher than March 2022, 266% higher than 2021 and 7.01%% higher than 2020.

Housing Benefit Overpayments (HBOP)

6.12 Housing Benefit Overpayment Collection at the end of March 2023 is £2.379m. This is 10.10% lower than March 2022 (£2.646m), however 28.41% higher than 2021 and 47.89% higher than 2020 (pre-pandemic).

6.13 The council budgeted £2.712m of income for 2022-23. A shortfall of £0.384m, due to issues 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

6.14 Between February 2023 and March 2023 overall debtors increased by £22.411m. An analysis of debtors as at the 31 March 2023 is provided overleaf at Table 20. It should be noted that this information is a snapshot as at that date and the overall position varies.

Table 20 Aged Debt Analysis as at 31st March 2023

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 12	15.434	18.117	3.614	1.400	17.335	55.900
Month 11	2.072	9.294	0.891	3.630	17.602	33.489
Movement	**13.362**	**8.823**	**2.723**	**(2.230)**	**(0.267)**	**22.411**

6.15 Table 21 gives detail of the top ten individual debts by debtor, totalling £55.9m. For the same period in 2022 the outstanding balance was £56m.

Table 21 Top 10 debtors as at 31st March 2023

Top Ten Debtors 31 March 2023						
Debtor	**Total Debt £m**	**Not Overdue £m**	**Up to 30 days £m**	**30 - 60 days £m**	**60 - 90 days £m**	**Over 90 days £m**
NHS NORTH CENTRAL LONDON ICB	25.333	4.418	14.440	1.385	0.429	4.661
THE FREMANTLE TRUST	1.357	0	0	0	0	1.357
ISS Mediclean Limited	0.722	0	0	0	0	0.722
CLEAR CHANNEL UK LTD	0.571	0.541	0	0	0.004	0.026
Ark Pioneer Academy	0.529	0	0.529	0	0	0
Mayor's Office for Policing and Crime	0.358	8	0.341	0	0	10
NHS North Central London CCG	0.201	0	0	0	0	0.201
Islington Council SIT	0.159	0	0.159	0	0	0
Mechinah Golders Green LTD	0.143	0	0	0	0.143	0
Wren Academy	0.140	0	0.140	0	0	0
Total	**29.514**	**4.967**	**15.608**	**1.385**	**0.576**	**6.978**

6.16 There is a significant class of debt relating to Adult Social Care client contributions. At the end of March 2023, the level of total debt related to individuals who receive adult social care services was £10.8m. Historical Debt (All debt up to December 21) has been reduced by about 66% from Nov 21 high of £9.3m. As of 31 December, historical debt was £3.4m (of which Deferred Payment Arrangement (DPA) Debt accounts for £1.3m). 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 21% from previous reported period. As we move into the new financial year, the Debt Project Team will be looking at the entire debt cohort, with a view to prevent debt build up for ALL new clients, whilst dealing with all the ongoing debt cases. Over the same period, the team has recovered a total of £3.4m as well as secured £1.6m worth of DPA debt against individual properties.

6.17 NHS NCL: Ongoing discussion with service area and CCG colleagues concerning the remaining balance.

6.18 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.

6.19 CLEAR CHANNEL UK LTD: £536,948.63 has been paid, the remaining balance awaiting property services authorisation to take further action (bailiffs /eviction).

6.20 Mechinah Golders Green LTD: The Property services Surveyor Jeremy Diment advised that "There is a proposed land transaction whereby Barnet Council intend to sell their landholding comprising of the school. The Council intend to incorporate the rent arears and accumulated payments into the contract so that all the £143,178.70 and associated costs are paid by West Hendon Estates Limited (WHE) to Barnet Council. Contracts Exchange date is revised as 2nd June 2023 with Legal Completion due on 14th July 2023. For further information, WHE own the freehold of the immediately adjoining 0.1 of acre and LBB own 0.25 acres. WHE have a close business relationship with the school and Mechinah Golders Green Limited." If Legal Completion is finally agreed as 14th July 2023, full payment of arrears and associated costs will be prior

6.21 ISS Mediclean Limited: Paid in full.

6.22 Ark Pioneer Academy: The School has confirmed on the 11.05.23 that they are awaiting approval for payment.

6.23 Mayor's Office for Policing and Crime: Payment is on hold service area to provide PO.

6.24 Islington Council SIT: Payment was made to Council Tax bank account in error, IFT has been requested.

6.25 Wren Academy: Paid in Full

Debt Write-Offs

6.26 The write-off of these debts is in line with good accounting practice, which requires that debit balances accurately reflect realisable income, and it removes uncollectable debt from the system. All businesses suffer from uncollectable debt and the council maintains a bad debt provision against which to charge these write offs. The council's debt management policy is attached to this report as Appendix B.

Business Rates Debts

6.27 Irrecoverable Business Rates debts of £1,181,196.92 are requested for write off. The individual debts are all over £5,000 and cover the financial years from 2017/18 to 2022/23.

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

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

6.30 The breakdown of the value of the Business Rates debts by year are as follows:

Table 22 Business Rates Debts by year

Year	Costs	Liability	Grand Total
2017	£170.00	£7,925.51	£8,095.51
2018	£1,020.00	£82,431.04	£83,451.04
2019	£680.00	£666,135.27	£666,815.27
2020		£94,456.77	£94,456.77
2021		£184,399.84	£184,399.84
2022		£143,978.49	£143,978.49
Grand Total	**£1,870.00**	**£1,179,326.92**	**£1,181,196.92**

Table 23 Business Rates Debt breakdown by type

Description	Value
Administration	£573,637.27
Gone Away	£5,188.77
Liquidation	£490,670.63
Insolvency	£111,700.25
Grand Total	**£1,181,196.92**

Housing Benefit Overpayments

6.31 The debts listed in Appendix B represent Housing Benefit overpayment debts of £33,368.47 which are considered irrecoverable and are recommended for write off. This could be because of Bankruptcy, Individual Voluntary Arrangements, errors made by the Local Authority or for other reasons such as debtors living abroad, deceased, or unable to trace. The individual debts are over £5,000.00 and cover the financial year 2022/2023.

6.32 A HB overpayment is not recoverable if:
It arose because of official error and the claimant, someone acting on his or her behalf, or the payee, could not reasonably have been expected to realise it was an overpayment.

6.33 Awareness of being overpaid
An overpayment which arose due to official error is recoverable only if the claimant, a person acting on their behalf, or the payee, could reasonably have been expected to realise that it was an overpayment-either at the time the payment was received, or at the time of any decision notice relating to it. Exactly how this rule should be applied has often been considered on appeal.

6.34 The breakdown of the value of the Overpayment of Housing Benefit debts by year is as follows:

Table 24 Overpayment of Housing Benefit debts by year and reason

Year Debt Raised	Total Debt
2023	£33,368.47
Total	**£33,368.47**

Reason	Value
Deceased*	£23,026.32
LA Error**	£10,342.15
Total	**£33,368.47**

*Deceased – Overpayments for deceased accounts will only be considered for write off once all attempts have been made to establish contact with the executors without success, or no funds are available from the estate to recover from.
**Local Authority Error where listed is made up of overpayments that arose from Local Authority delayed processing and Local Authority error whereby the person whom the payment was made could not have reasonably known they were being overpaid.

Income (Sundry Debt)

6.35 Sundry income totalling £157,085.15 are recommended for write off. The individual debts are over £5,000 and cover the financial years 16/17-22/23.

6.36 The collection procedures used for the recovery of these debts have included the issue of an invoice, a reminder and also a final notice. Additionally, and where appropriate, debt collection agencies are used and where legal action was undertaken a Notice before Proceedings would have been issued. Efforts have also been made to contact the debtor where possible and to agree suitable instalment arrangements. All avenues of recovery that where economical and practical have been considered before this course of action.

6.37 The breakdown of the value of the Sundry debts by year and by reason is as follows:

Table 25 Sundry Debts by year and reason

Financial Year of Debt	Total Debt
16/17	£41,158.18
17/18	£15,807.13
18/19	£26,572.84
19/20	£6,328.77
20/21	£19,414.85
21/22	£25,310.52
22/23	£22,492.86
Total	**£157,085.15**

Reason for Write-Off	Value
Insufficient funds in estate	£46,817.58
Liquidation/Bankruptcy	£19,414.85
Recovery Action Exhausted	£64,279.88
Uneconomical to pursue further	£26,572.84
Total	**£157,085.15**

Other Debts

6.38 Brent Cross retail park was acquired by LBB in February 2021 and Tapi Carpets was an existing tenant. Tapi have an outstanding debt of £26,676.90 excluding VAT which relates to the period from acquisition until 31st March 2021 during the second government lockdown. During the lockdowns, Landlords and Tenants generally adopted a principle of the Tenant paying only 50% of rents due. Thus Tapi has paid 50% and this debt is the outstanding 50%. This is the only write-off required as some tenants did not claim a 50% reduction for the second lockdown due to strong online trading whilst others have it contractually included in leases signed between the lockdowns. This amount has been proposed to be written off as a gesture of goodwill.

7 Treasury & Liquidity

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

7.2 At the end of March 2023, the council held £103.8m in short-term investments with an interest rate spread from 0.70% to 4.31%, averaging 3.71% yield. £39m is invested in same-day money market funds (MMF) with the balance of £69.3m in fixed term deposits with maturity dates of less than 1 year.

7.3 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.

7.4 During 2023, the council did not breach its major indicators for external borrowing – the operational boundary (£959.047m) and the authorised limit (£1,058.031m) that were agreed in the 2022/23 TMSS.

7.5 The council has not increased its borrowing since M7. Total long-term borrowing totals £687.9m of which £62.5m is Lender Option Borrower Option (LOBO) loans where the lender option is next due in 2024. The remaining £625.4m is long-term borrowing from the Public Works Loans Board (PWLB).

7.6 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.

7.7 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.

8 Post Decision Implementation

8.1 None

9 Corporate Priorities, Performance and Other Considerations

Corporate Plan

9.1 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.

Corporate Performance / Outcome Measures

9.2 None in the context of this report

Sustainability

9.3 None in the context of this report

Corporate Parenting

9.4 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.

Risk Management

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

Insight

9.6 Whilst not specifically applicable to this report, insight is used to support the future financial forecasts including risks and opportunities highlighted for 2023/24 in this report through activity drivers and place-based understanding.

Social Value

9.7 No application to this report

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

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

11 Legal and Constitutional References

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

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

11.3 The council's Constitution, Article 7 Part 2D sets out the function of Cabinet. The Cabinet is responsible for the following functions:

- Development of proposals for the budget (including the capital and revenue budgets, the fixing of the Council Tax Base, and the level of Council Tax) and the financial strategy for the Council;
- Monitoring the implementation of the budget and financial strategy;
- Recommending major new policies (and amendments to existing policies) to the Council for approval as part of the Council's Policy Framework and implementing those approved by Council;
- Approving policies that are not part of the policy framework; 3.
- Management of the Council's Capital Programme;

12 Consulting and Engagement

12.1 None in the context of this report

13 Equalities and Diversity

13.1 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:

13.2 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.

13.3 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.

13.4 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.

13.5 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.

13.6 Tackle prejudices and promote understanding.

13.7 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

13.8 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.

13.9 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

13.10 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.

14 Background Papers

14.1 None