

Cabinet

Title	Business Planning 2024-2030, Transformation Programme, and In-Year Budget Management 2023/24
Date of meeting	18 th July 2023
Report of	Councillor Barry Rawlings, Leader of the Council and Cabinet Member (Portfolio Holder) for Resources & Effective Council
Wards	All
Status	Public
Key	Key
Urgent	No
Appendices	Appendix A: MTFS Appendix B: Bad Debts Write Offs Appendix C: Updated Capital Programme
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Summary

This report sets out the current challenges, proposed process, and timetable for the preparation of the budget for 2024/25 and the Medium Term Financial Strategy (MTFS) to 2030.

As part of this process officers are reviewing in-year and ongoing financial pressures to calculate the likely gap that will need to be addressed across the financial years 2024 to 2030. The report sets out the process which will take place for 2024/25 and future years in order to achieve a balanced budget.

The report outlines the approach being taken to delivering the council's Transformation Strategy and summarises the direction of travel and resource requirements for key workstreams.

It also presents for approval a number of routine financial management matters for 2023/24, in line with financial regulations, including updates to the programme of capital investment, budget amendments and debt management.

This report is urgent as it is a legal requirement for a balanced budget to be set.

Recommendations

That Cabinet:

In respect of business planning for 2024-30:

1. Notes the refreshed Medium-Term Financial Strategy shown in Appendix A. The MTFS sets out likely budget changes over the period 2024-30, including assumptions around inflation, pressures, savings and government funding. It is the model around which the council's financial strategy is based;
2. Notes the delivery timetable and the process in section 2.12-2.21 which will take place for 2024/25 and future years in order to achieve a balanced budget.
3. Approve that officers start to develop budget proposals for 2024/25 and, if required, delegates authority to the Section 151 officer to issue targets to officers to support the achievement of a balanced budget; and
4. Notes the proposed approach to the financial strategy in section 2.11.
5. Notes the approach to delivering the Transformation Strategy outlined in section 3.
6. Agrees the allocation of £1.6m for individual workstreams, as set out in sections 3.12 to 3.22.
7. Notes the arrangements for individual spending decisions set out in section 3.6.

In respect of routine financial matters for 2023/24:

8. Notes the contingency budget and allocations from it in section 4.1-4.4;
9. Notes the revenue budget virements for 2023/24 as detailed in sections 4.5-4.6;
10. Approves the writes-offs for Sundry Debt as detailed in sections 4.7-4.10; and
11. Approve the changes to the existing Capital Programme in relation to additions as set out in section 5 in accordance with the virement rules.

1 Reasons for the Recommendations

- 1.1 Business planning and strategic financial management enable the council to plan its future direction on the basis of the best strategic fit between the resources available to meet stakeholder needs and expectations, the priorities of the Administration, and the environmental conditions which prevail. This report sets out how the council intends to do this and the assumptions it has made.

- 1.2 This will be the first of several reports to Cabinet on 2024/25 budget setting and the 2024-2030 MTFS. Cabinet will receive updates in September and December with the final MTFS being presented to February 2024 Cabinet for recommendation to Full Council on 27 February 2024.
- 1.3 An overview of the process and progress to date will also be presented to Overview and Scrutiny Committee in September and December.
- 1.4 While the main subject of this report is business planning and the MTFS, it also presents some routine items for Cabinet approval in line with financial regulations.

2 Business Planning for the years 2024-2030

MTFS

- 2.1 The MTFS approved at February 2023 Full Council set out a savings requirement of £29.056m between 2023/24 and 2026/27. The budget for 2023/24 was balanced, and the remaining savings to be found for 2024/25 to 2026/27 were £9.426m of which £5.476m was in 2024/25.

MTFS Summary	2023/24	2024/25	2025/26	2026/27
Resources vs. Expenditure	£m	£m	£m	£m
Expenditure	380.885	410.214	430.184	449.592
Resources	(369.686)	(386.985)	(402.987)	(420.536)
Cumulative (Surplus)/Shortfall to Balanced Budget	11.199	23.229	27.197	29.056
In Year Budget Gap before Savings	11.199	12.030	9.444	10.048
Efficiencies and Income Generation options Proposed	(11.199)	(6.554)	(1.255)	(0.622)
(Surplus)/Shortfall to Balanced Budget	0.000	5.476	8.189	9.426
In year savings requirement	11.199	12.030	3.968	1.859

- 2.2 The assumptions underlying the MTFS have been updated and the revised MTFS is set out in section 2.12.
- 2.3 The delivery of savings is a key challenge and officers are prioritising their delivery accordingly. Savings are being actively monitored closely through the monthly financial monitoring process and progress and operational progress is being discussed and challenged in all service areas. The council's financial management arrangements will track savings against targets and trigger implementation of mitigation strategies where needed.
- 2.4 There are savings totalling £11.199m being delivered in 2023/24. Should any savings be unachievable and suitable mitigations not be sufficient, additional savings will be required in 2024/25 in order to ensure the budget deficit does not increase.
- 2.5 During the 2023/24 budget setting process, total savings of £6.554m were identified for 2024/25 leaving a gap of £5.476m in the MTFS that was presented to Council in February 2023.
- 2.6 The February MTFS included proposed Efficiencies and Income Generation options of £8.431m from 2024-2027 as shown below:

Department	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total savings £'000
Adults and Health	(1,433)	(12)	(12)	(1,457)
Assurance	(60)	(75)	(50)	(185)
Childrens and Family Services	(961)	(400)	(200)	(1,561)
Customer & Place	(3,303)	(468)	(360)	(4,131)
Strategy & Resources	(797)	(300)	0	(1,097)
Total	(6,554)	(1,255)	(622)	(8,431)

2.7 Officers are currently reviewing the deliverability of the £11.199m savings expected to be delivered in 2023/24. As part of prudent financial management it is necessary to make an allowance in case of non-delivery and the MTFs presented to September Cabinet will factor in any that are deemed to be undeliverable.

The National Landscape

2.8 The Local Government Finance Settlement for 2023/24 outlined funding allocations for local authorities for 2023/24 only but gave confirmation of the majority of funding streams for 2024/25.

2.9 For 2024/25, the Government set out planning assumptions as below:

- The Review of Relative Needs and Resources ('Fair Funding Review') and a reset of Business Rates growth will not be implemented in the next two years;
- The council tax referendum principles will continue the same as 2023/24;
- Revenue support grant will continue and be uplifted in line with baseline funding levels (assumed now to be now based on September 2023 CPI), while social care grants will increase as set out in the table above;
- Business rates pooling will continue; and
- the future position of New Homes Bonus will be set out ahead of the 2024/25 local government finance settlement.

2.10 Given the uncertain future funding position for Local Government, the refreshed MTFs shown in section 2.13 below makes indicative estimates of what funding could look like over the MTFs period. The three main assumptions are:

- The flexibility to raise council tax by up to 3.00% will remain. The MTFs assumes General council tax increases of 2.80% each year from 2024/25 onwards;
- The flexibility to raise the Adult Social Care precept by 2.00% will remain. The MTFs assumes Adult Social Care increases of 2.00% each year from 2023/24 onwards;
- New Homes Bonus (NHB) no longer exists;
- Revenue Support Grant, ASC Market Sustainability & Improvement Fund, BCF & Social Care Grant all increase by 2% p.a. from 25/26 onwards. All other Government grants will remain the same.

Financial Strategy

2.11 The organisational objectives in setting the MTFs are as follows:

- We will set a legal budget, balancing recurrent expenditure with estimated income within the medium term in order that the council has a sustainable financial position;
- We will plan over a medium term of at least 3 years in order that the council is fully informed as to future scenarios and can prepare appropriate action;

- A level of sustainable reserves will be maintained, this will be defined by the Section 151 officer during the budget setting process, considering prevailing risks and opportunities. For 2022, this has been identified as £15m for general fund balance and £40m for earmarked non-ringfenced revenue reserves;
- We will seek to build resilience to economic shocks and insulate from the requirement for sudden cuts to vital services;
- We will use reserves to invest in one-off investment or transformation requirements but not to the point of the organisation being in distress;
- We will ensure we have sufficient funding for on-going transformation and long term changes;
- We will provide a realistic amount of funding to support increasing demand, quickly addressing ongoing financial pressures with a permanent solution, reducing the instances where one off solutions are used;
- We will achieve the best possible outcomes within the funding available;
- We will ensure that budgets are aligned to the Barnet Plan and that we will actively disinvest where this is not the case;
- We will understand the implications of growth and ensure that both the reward and the increased costs to services are recognised, and;
- We will act lawfully and protect the integrity of regulations, ring fences and accounting rules.

Refreshed MTFS

2.12 Officers have refreshed assumptions in the MTFS and the table below shows the assumptions that have changed for 2024/25 onwards compared to the MTFS presented to Council in February 2023.

Item	Feb 23 MTFS			Revised Assumptions					
	24/25	25/26	26/27	24/25	25/26	26/27	27/28	28/29	29/30
Business Rates Multiplier (CPI)	5.50%	0.00%	0.00%	4.10%	0.60%	0.00%	0.00%	0.00%	0.00%
Council Tax Increase	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%
Social Care Precept Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Increase in CTax Base (No of Band D Equivalentents)	2,755	3,272	3,341	2,755	3,272	3,341	3,411	3,483	3,556
Revenue Support Grant (£m)	11.507	11.507	11.507	11.507	11.737	11.972	12.211	12.455	12.704
Expenditure Inflation	4.00%	1.50%	1.90%	4.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Employee Pay Award	4.00%	2.00%	2.00%	4.00%	2.00%	2.00%	2.00%	2.00%	2.00%

2.13 The change in assumptions have revised the gap for 2024/25 to £24.582m with a savings requirement of £76.159m to 2030.

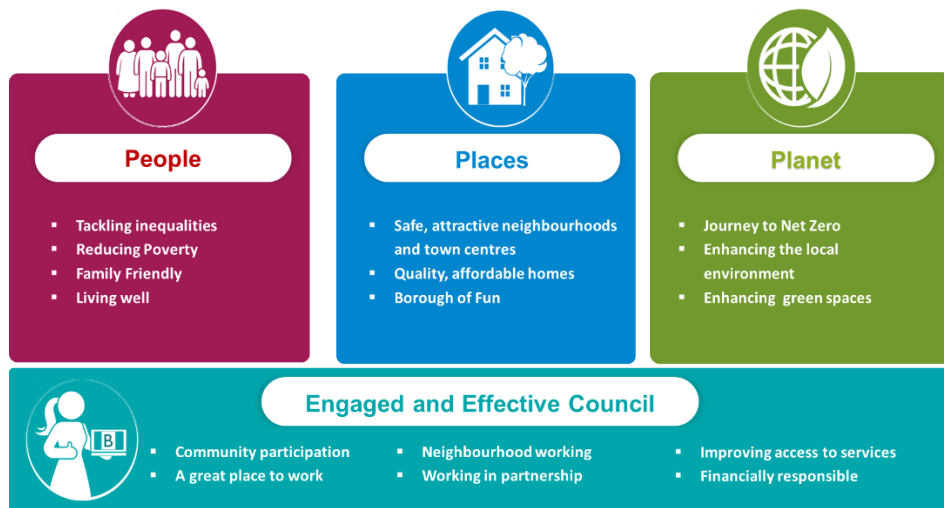
MTFS Summary	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Resources vs. Expenditure	£m	£m	£m	£m	£m	£m
Expenditure	405.469	437.764	467.420	496.985	526.823	556.953
Resources	(380.887)	(400.408)	(418.588)	(437.989)	(458.692)	(480.794)
Cumulative (Surplus)/Shortfall to Balanced Budget	24.582	37.356	48.832	58.997	68.131	76.159
In Year Budget Gap before Savings	24.582	30.801	41.023	50.565	59.699	67.728
Efficiencies and Income Generation options Proposed	(6.554)	(1.255)	(0.622)	0.000	0.000	0.000

(Surplus)/Shortfall to Balanced Budget	18.028	29.546	40.401	50.565	59.699	67.728
In year savings requirement	24.582	12.774	11.477	10.164	9.134	8.028

MTFS Process 2024-2030

2.14 The MTFS provides a way to plan resource allocation decisions by taking into account both current and future levels of resources. It allows adequate time to align wider organisational priorities with resource allocation decisions, and to test previous resource allocation decisions in the light of current financial performance.

2.15 To provide more time to undertake a more detailed review and to ensure that the MTFS aligns with the Administration’s priorities and Our Plan for Barnet, the budget planning process has started earlier than normal.

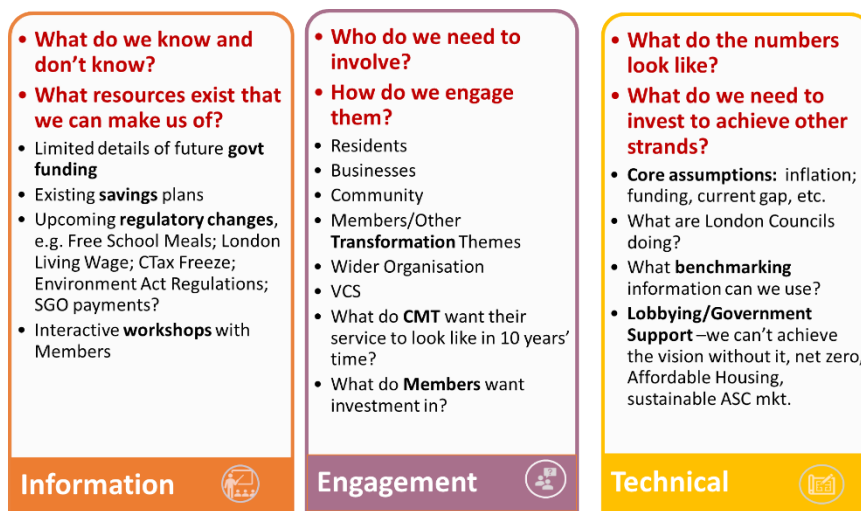


2.16 The process supports the above pillars underlying Our Plan for Barnet and also aligns with the planks underlying the Transformation Strategy (shown below):



2.17 The aim is to deliver the below outcomes utilising the strands of “Information”, “Engagement” and “Technical”:

- Plan ahead - develop a longer term view to 2030 - some uncertainty in future years but factor in known risks.
- Invest and use resources in the most effective way - become more financially self-sufficient and keep costs down.
- Consider challenges and issues around service delivery in a holistic, joined up way, i.e. cross-organisational.
- Work more closely with others to share skills, knowledge and resources: communities, partners, local businesses and neighbouring authorities.
- Develop a MTFs that supports delivery of Manifesto commitments and the Transformation programme.
- Ensure Statutory Services are delivered in the most efficient and effective way.



2.18 A Financial Sustainability Board (FSB) has been created which will initially focus on:

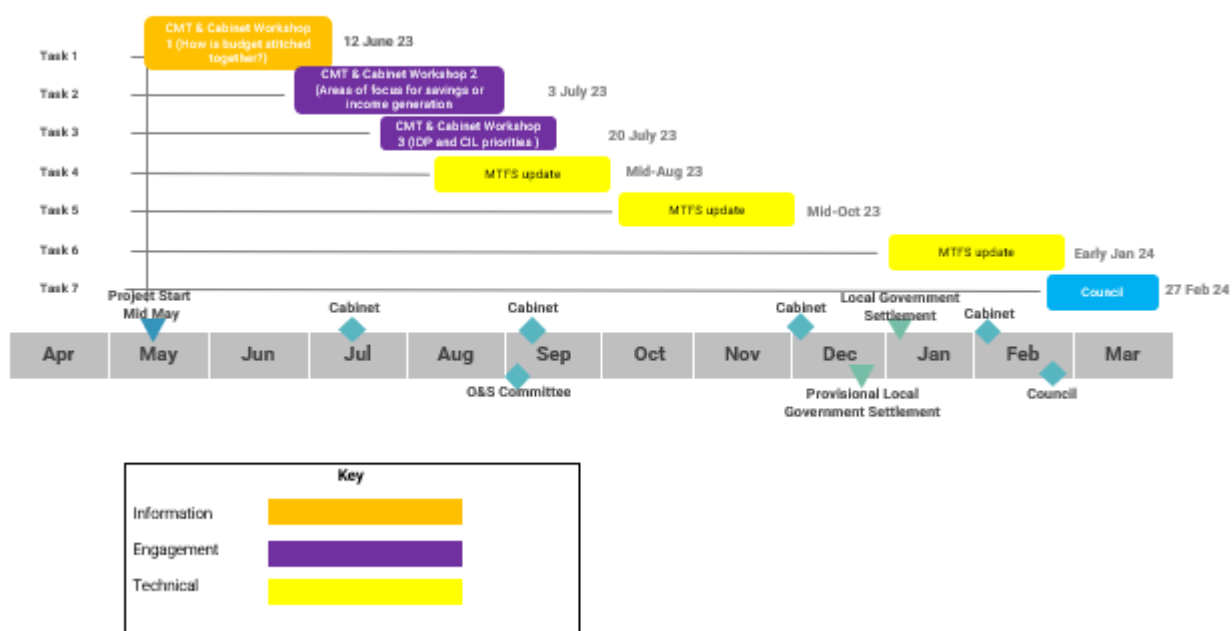
- 22/23 overspends & 23/24 pressures.
- Other known financial risk areas
- Your Choice Barnet transformation
- Controlled Parking Zones implementation
- Parking Income
- Unit costs / market shaping (children's and adults)
- 18-25 placement costs pressures
- High Cost services, e.g. LD (employment opportunities/living independently); TA, High cost placements.
- SEN Transport pressures
- Opportunities around in-sourced services, e.g. highways/estates
- Explore a shared place based MTFs, e.g. Barnet partnership board.
- Capital Programme

2.19 Over the longer term, the FSB will also look at developing a vision for future and transformation to:

- Develop ideas for savings & income generation.
- Develop recovery plans based on analysis and benchmarking.

- Identify areas for VFM improvement; push them into development pipeline?
- Develop a more commercial approach to income generation opportunities/review internal charge.

2.20 An indicative timetable has been agreed as below and workshops are underway with Members to give an overview of the council’s budget and also review areas of focus for savings and income generation. A further workshop will review the Infrastructure Development Plan and Capital priorities.



2.21 An overview of the process will be presented to Overview and Scrutiny Committee in September followed by an updated MTFS to September Cabinet. The update to December Cabinet will contain a set of initial budget proposals followed by further Overview and Scrutiny Committee in January 2024 before the proposed MTFS is presented to Council in February 2024 for approval.

3 Transformation Programme

3.1 As part of delivering Our Plan for Barnet, the council’s Policy and Resources Committee approved the Transformation Strategy in February 2023. A transformation programme has been set up to deliver on this and help achieve the council’s priorities. It is essential that the future budget challenges set out above are fully embedded within the transformation programme, so that new approaches are seen as opportunities to contribute to our financial stability. In particular, if we are to “do different things”, then it needs to be recognised that sustainable funding for those things needs to be freed up by “doing things differently”.

3.2 A distributed leadership model has been developed for the programme, whereby each of the 16 themes of Our Plan for Barnet have been assigned a director or assistant director within the organisation to act as ‘convenor’. This will involve them being the spokesperson for the theme internally, and ensuring activities are delivering the desired outcomes. Each theme has also been assigned a director or assistant director to be the ‘critical friend’, who will challenge established thinking and support colleagues to work across the whole organisation.

3.3 The core transformation programme will be focused around eight of these themes, which have been identified as ‘Tier 1 workstreams’, as they will involve new or high-profile pieces of work that will require a transformational approach to deliver them. These themes are:

Caring for People
1. Tackling inequalities 2. Reducing poverty
Caring for our Places
3. Borough of fun
Caring for the Planet
4. Journey to net zero
Engaged and Effective Council
5. Community participation 6. Neighbourhood working 7. Improving access to services 8. Great place to work

3.4 Members have previously authorised the establishment of a Transformation Reserve, recognising that the scale of change that is required necessitates up-front, one-off expenditure to support the organisation in achieving and embedding that change. This Reserve currently stands at £6.2m. Resources that are funded from this Reserve are being used primarily to support services in developing new ways of working, on an “invest to save” basis, or to accelerate the implementation of existing initiatives to deliver benefits sooner. £1.95m of this has previously been allocated to fund centrally managed resources to support the delivery of transformation projects across the organisation up to March 2025. This includes c.£260k for service design resources within the Resident Experience team. The bulk of the remaining funding will be allocated to these eight workstreams. This will include recruiting an additional three, temporary, project managers to support convenors.

3.5 Each workstream convenor has been asked to provide initial proposals for how they would invest this funding, and some initial proposed allocations are set out below. Whilst some of these proposals are already well developed, others will require further work to assess the business case for the expenditure. These one off investments are being funded by reserves and are an indirect result of being a growing borough, allowing us to reinvest money into how we are achieving outcomes. The investment of this one off funding, doesn’t negatively impact the future savings gap, the latter would be required even if the reserves were not being deployed.

3.6 The approval of individual spending decisions is subject to the standard scheme of financial delegation – in this case the relevant Chief Officer is the Transformation Director and the relevant Portfolio Holder is the Leader. However, in view of the cross-cutting nature of the programme, these delegations will in practice be exercised through ongoing consultation with the Council Management Team, which acts as the transformation programme board, and Cabinet Members.

Tackling Inequalities

3.7 Given the importance the council has placed on tackling inequalities, it should form part of everything the council does. Within this workstream, the focus is on the tackling the gaps group, which has been setup to identify the right approach to tackling inequalities; health inequalities between population

groups, for example socio-economic factors, geography or protected characteristics; and the Borough of Sanctuary & Asylum programme to become an accredited Borough of Sanctuary.

- 3.8 Funding is likely to be required to deliver targeted interventions as identified by the State of the Borough report (due to be completed in September), which will focus on the experiences residents have of inequality in the context of people, our places and the planet.

Reducing Poverty

- 3.9 As part of the council's aspiration to eradicate poverty for future generations and develop community wealth building, there is a wide-ranging existing programme already underway focused around cost of living and employment support through BOOST. There is also work happening to fully understand every current intervention on poverty in Barnet by the council and its partners.
- 3.10 Transformation funding will allow further research on understanding poverty across Barnet, as well as increased outreach to residents and businesses to provide employment support and business development capacity. The Centre for Local Economic Strategies has been commissioned to support the development of our approach to Community Wealth Building, which will include ensuring that there is a clear benefits realisation methodology. Neighbourlylab has also been commissioned to support our approach to understanding community places and spaces and to optimise community infrastructure. £100k has been allocated to support these two projects.

Borough of Fun

- 3.11 The council's objective to become a borough of fun has three key elements:
- **Discover Barnet** – a communications campaign to promote all the fun activities already happening.
 - **Destination Barnet** – doing more with what we've got, including an expanded festival and events programme to attract people to our parks, green spaces and town centres.
 - **Dream Barnet** – making Barnet a go to destination by creating a unique attraction that draws on the borough's inherent characteristics.
- 3.12 Initial funding proposals involve the delivery of an expanded culture and events programme, including proposals as part of the council's bid to become the London Borough of Culture in 2027. Additionally, increased communications with residents to advertise this expanded programme and the current events would also be developed. An initial allocation of £250k is proposed to support this work. The potential use of Community CIL funding will also be considered.

Journey to Net Zero

- 3.13 The council has an ambition to become one of London's most sustainable boroughs, including to become Net Zero as a council by 2030 and as a place by no later than 2042. This is currently being delivered through the council's sustainability programme.
- 3.14 Further funding would allow the council to continue this ambitious programme and build on the recent delivery of a citizen's and youth assembly, which involved engagement with 60 residents of Barnet between the ages of 12 and 90 who gave their views on how we can make Barnet more sustainable. A detailed plan is now being developed in response to the recommendations made by the Assembly. A separate Climate Change Reserve (£1.5m) has been established to fund this work, but support will also be provided from the core transformation team.

Community Participation

- 3.15 Community participation involves listening to residents and communities and trusting them to have the experience, skills and insight to be involved in work to improve their own lives and environments. Following the approval of the council's Community Participation Strategy in October 2022, the council agreed to put community participation at the heart of everything it does, including ensuring staff have the tools to engage with communities.
- 3.16 In order to achieve this, the council needs to make sure it has captured the voices of all residents when it participates with communities. Transformation resources are being used to engage with different groups, including those with dementia or learning disabilities, as well as ensuring those within every part of Barnet have their voice included. A further allocation of £150k is proposed to support the development of this activity.

Neighbourhood Working

- 3.17 The council is committed to a neighbourhood-based approach, where we tailor our approach to the unique needs and assets in a given location or specific community. This workstream will build on joint work already ongoing and expand it across the borough. Initial examples include the set-up of five community safety hubs across the borough and the work on the Grahame Park estate to trial this neighbourhood approach.
- 3.18 The priority of any spending will be to develop the council's strategy towards place and neighbourhoods, while building on the existing projects, such as Grahame Park, and expanding them across the borough. It is proposed that an additional £500k be allocated for resources to support the development and implementation of our neighbourhood working models and to develop our approach to community hubs.

Improving Access to Services

- 3.19 This workstream focuses on ensuring the council provides excellent resident experiences in all we do, removing barriers and improving access for all. This involves transforming residents' contacts with the council, providing more and better options for accessing services online, by telephone, and in person. This will be done by focusing on equality, ensuring every resident can access the support, information and services in a way that suits them and recognises individual needs.
- 3.20 Additional transformation funding will ensure the existing programme can be accelerated to deliver interventions to improve access to services, including improvements to the council's telephony service and website. It will also involve working with individual council services to re-design their processes and ensure every contact a resident has with the council is as easy as possible. It is proposed that a further £500k be allocated to this workstream to increase capacity in the service re-design and web teams.

Great Place to Work

- 3.21 Our Plan for Barnet outlines the objective to make Barnet a truly great place to work, where our staff feel valued, are proud to work and where equality, diversity and inclusion are embedded and promoted in everything we do. As an example, the council has recently ensured all staff directly employed by the council are paid the London Living Wage as part of our ambition to attain accreditation from the Living Wage Foundation.
- 3.22 Further budget is required to commission more work on equalities, diversity and inclusion with managers at all levels of the organisation, as well as engaging with staff to understand what the next steps should be. It is proposed that an initial £200k be allocated to support this work.

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 £6.949m is earmarked for pay inflation.
- 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.

	£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 The following virement is required to re-align budgets post the in-source of services under the prior Regional Enterprise contract. This is required for services which are outside of the Customer and Place Directorate. The virement will be in-year and ongoing.

Department	Description	£
Customer & Place	Reallocation of RE expenditure	(4,202,903)
Assurance	Regulatory services	2,695,916
Assurance	Insurance	72,070
Adults and Health	Cems and Cregs	1,035,032
Adults and Health	SHAW	76,258
Strategy & Resources	Oracle/ Integra	122,451
Strategy & Resources	POD	230
Strategy & Resources	Human Resources	200,945
Customer & Place	Reallocation of RE Income	4,623,789
Assurance	Regulatory services	(577,121)
Adults and Health	Cems and Cregs	(4,046,667)
TOTAL		0

Debt Write-offs

4.7 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.

Income (Sundry Debt)- Q1 2023/24

4.8 Sundry income totalling £31,946.71 are recommended for write off. The individual debts are over £5,000 and cover the financial years 18/19-20/21.

4.9 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.

4.10 The breakdown of the value of the Sundry debts by year is as follows. A more detailed breakdown of the debt write offs is shown in Appendix B to this report.

Financial Year of Debt	Total Debt
18/19	£7,302.51
19/20	£5,047.30
19/20	£11,305.81
20/21	£8,291.09
Total	£31,946.71

Reason for Write-Off	Value
Recovery Action Exhausted	£8,291.09
Uneconomical to pursue further	£23,655.62
Total	£31,946.71

5 Capital Programme

Capital Programme 2023-28

- 5.1 The council has a significant capital programme across both the General Fund and the Housing Revenue Account (HRA). Capital projects are considered within the council's overall medium to long term priorities, and the preparation of the capital programme is an integral part of the financial planning process. This includes taking account of the revenue implications of the projects in the revenue budget setting process.
- 5.2 The summary of the revised capital programme for Cabinet approval broken down by Portfolio is as follows:

Summary of proposed Capital Programme after changes

Portfolio	2023-24	2024-25	2025-26	2026-27	2027-28	Total
	£m	£m	£m	£m	£000	£000
Adults and Social Care	5,825	3,762	0	0	0	9,587
Homes and Regeneration (Brent Cross)	60,285	25,882	0	0	0	86,167
Family Friendly Barnet	12,462	9,374	5,431	5,821	0	33,088
Culture, Leisure, Arts and Sports	1,875	0	0	0	0	1,875
Environment and Climate Change	45,618	21,864	12,960	0	0	80,443
Homes and Regeneration	146,383	67,911	45,936	860	0	261,090
Resources and Effective Council	25,597	5,800	450	310	0	32,157
Total - General Fund	298,045	134,592	64,777	6,991	0	504,405
Housing Revenue Account	115,971	76,941	63,848	47,376	0	304,135
Total - All Services	414,016	211,534	128,625	54,367	0	808,540

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

Changes to the Capital Programme

Capital program changes since June Cabinet

	2023-24 Budget	2024-25 Budget	2025-26 Budget	2026-27 Budget	2027-28 Budget	Total Budget
	£000	£000	£000	£000	£000	£000
Reported Capital Budget - June 2023	408,789	206,504	128,175	54,057	0	797,525
Additions	5,227	5,030	450	310		11,017
Deletions	(1)					(1)
July 2023 Revised Programme	414,015	211,534	128,625	54,367	0	808,540

- 5.4 Additions to the capital programme are shown below:
- Changing Place – Toilets (£0.297m) Funding for the design and installation of 3-4 Changing Place Toilets in different pre-determined locations in the borough. Funding via DLUHC and other contributions
 - Improving Barnet Roads (£8.0m) Additional funding required to improve the quality of our highways and footways to support more sustainable forms of travel.
 - Libraries Capital Programme (£0.125) Grant awarded to undertake a redesign and reconfiguration of the first floor at Chipping Barnet Library

- Connected Places (£2.350m) new digital capability for boroughwide connectivity transformation and council service transformation, including resourcing of the deployment of several new networks.
- A1000 Cycle Lane (£0.245m) funding required to deliver a more permanent cycle route along the A1000.

Funding of the Capital Programme

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

Financing of the Proposed Capital Programme

Portfolio	Grants	S106	Capital Receipts	RCCO/MRA	CIL	Borrowing (MEEF)*	Borrowing (PWLB)	Total
Adults and Social Care	6,780	155	38	0	2,471	0	143	9,587
Homes and Regeneration (Brent Cross)	59,209	0	17,517	1,011	0	0	8,430	86,167
Family Friendly Barnet	28,501	1,657	116	0	268	0	2,547	33,088
Culture, Leisure, Arts and Sports	125	0	0	0	1,745	0	5	1,875
Environment and Climate Change	3,279	5,594	382	0	37,232	0	33,955	80,442
Homes and Regeneration	47,322	5,984	9,976	0	37,278	8,400	152,130	261,090
Resources and Effective Council	1	45	54	0	0	0	32,056	32,157
Total - General Fund	145,218	13,434	28,083	1,012	78,994	8,400	229,265	504,405
Housing Revenue Account	13,137	2,900	13,023	38,931	0	0	236,145	304,135
Total - All Services	158,354	16,335	41,106	39,942	78,994	8,400	465,409	808,540

*MEEF – Mayor’s Energy Efficiency Fund

Borrowing

- 5.6 £465m of the total capital programme will be funded from borrowing of which £106m is on-lent to Opendoor Homes for the acquisition or delivery of new housing.
- 5.7 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).
- 5.8 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

- 5.9 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.
- 5.10 £41.1m of the above capital programme is planned to be funded by capital receipts. Of the £41.1m, £13.0m will be funded from HRA capital receipt (RTB Receipts) and £28.1m from General Fund Receipts.

- 5.11 Current receipts are standing at £44.710m with £35.612m being HRA receipts and the remaining £9.098m are General Fund receipts. The current disposal programme estimates General Fund disposals of £9.158m in 23/24 and £8.325m in 24/25.
- 5.12 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.
- 5.13 £13.0m HRA expenditure will be funded from Capital receipts from Right to Buy sales. HRA funding will also finance Open Door New Build Housing (£7.24m), 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

- 5.14 The current capital programme shows £158.354m will be funded from Capital Grants. S106 and CIL are standing at £16.335m and £78.994m, respectively.
- 5.15 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).
- 5.16 S106 contributions are a developer contribution towards infrastructure; confined to specific area and to be used within specific timeframe.
- 5.17 Community Infrastructure Levy (CIL) funds are developer contribution towards infrastructure; they can be used borough wide but still has time restrictions on use.
- 5.18 Current capital programme forecasts plus future estimates suggest that there will be enough S106 contributions to fund the relevant projects.

6 Post Decision Implementation

- 6.1 Following approval of the recommendations in this report, budget changes will be processed in the financial accounting system and reflected against service areas for 2023/24 for revenue and capital.

7 Corporate Priorities, Performance and Other Considerations

Corporate Plan

- 7.1 This supports the council's corporate priorities as expressed through Our Plan for Barnet 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

- 7.2 None in the context of this report

Sustainability

- 7.3 None in the context of this report

Corporate Parenting

7.4 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. The outcomes and priorities in Our Plan for Barnet 2023-2026, reflect the council's commitment to the Corporate Parenting duty to ensure the most vulnerable are protected and the needs of children are considered in everything that the council does. To this end, great attention has been paid to the needs of children in care and care leavers when approaching business planning, to ensure decisions are made through the lens of what a reasonable parent would do for their own child.

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

Risk Management

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

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

Insight

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

Social Value

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

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

8.1 The report considers strategic financial matters and refreshes the current position of the council's MTFs. Plans will be enacted to work and identify savings and ensure they go through the appropriate governance process to set a legal budget in March 2024.

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

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

9 Legal and Constitutional References

- 9.1 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.
- 9.2 Under Section 114 of the Local Government Finance Act 1988, the chief finance officer (S151 Officer) of a relevant authority shall make a report under this section if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.
- 9.3 Part 2 D of the Council’s Constitution sets out the Terms of Reference and Delegation of Duties to the Cabinet which include:
- To be responsible for:
 - 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;
 - Management of the Council’s Capital Programme;
 - All key decisions - namely:
 - an executive decision which is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the budget for the service or function to which the decision relates; or
 - an executive decision which is likely to be significant in terms of its effects on communities living or working in an area of two or more wards of the Borough;
 - a decision is significant for the purposes of above if it involves expenditure or the making of savings of an amount in excess of £1m for capital expenditure or £500,000 for revenue expenditure or, where expenditure or savings are less than the amounts specified above, they constitute more than 50% of the budget attributable to the service in question;
 - award of contracts over £500,000 and all matters reserved to the Executive under the Contract Procedure Rules this may be done via the Procurement Forward Plan;
 - virements between budgets as required by the Financial Regulations;
 - making all non-key decisions which are referred to the Executive by the relevant Portfolio Holder or Director;
 - Determination of recommendations and references from the Council or any of its Committees or sub-committees and which the Cabinet considers are appropriate for collective decision;
 - Approval of HRA Rents.
- 9.4 The council’s financial regulations state that amendments to the revenue budget can only be made with approval as per the scheme of virement table below:

Virements for allocation from contingency for amounts up to and including £250,000 must be approved by the Chief Finance Officer.
Virements for allocation from contingency for amounts over £250,000 must be approved by Cabinet.
Virements within a service in a Directorate that do not alter the approved bottom line are approved by the Service Director of that Directorate.
Virements between services within the same Directorate (excluding contingency allocations) must be approved by the relevant Chief Officers of that Directorate.
Virements between different Directorates (excluding contingency allocations) up to £50,000 must be approved by the relevant Chief Officers of both Directorates.
Virements between different Directorates (excluding contingency allocations) over £50,000 and up to and including £499,999 must be approved by the relevant Chief Officer(s) and Chief Finance Officer in consultation with the Leader and reported to the next meeting of Cabinet
Virements between different Directorates (excluding contingency allocations) over £500,000 and up to £25m must be approved by Cabinet.

9.5 Article 2a of the council’s constitution sets out the role of Full Council as “approving or adopting the policy framework and the budget, including setting Council tax, determining borrowing limits, approval of the capital programme”. Council will set the budget and Cabinet will work within that set budget subject to the rules on virements contained in the Financial Regulations.

10 Consulting and Engagement

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

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

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

10.3 Regardless of whether the council has a duty to consult, if it chooses to consult, such consultation must be carried out fairly. In general, a consultation can only be considered as proper consultation if:

- Comments are genuinely invited at the formative stage;
- The consultation documents include sufficient reasons for the proposal to allow those being consulted to be properly informed and to give an informed response;
- There is adequate time given to the consultees to consider the proposals;
- There is a mechanism for feeding back the comments and those comments are considered by the decision-maker / decision-making body when making a final decision;
- The degree of specificity with which, in fairness, the public authority should conduct its consultation exercise may be influenced by the identity of those whom it is consulting;

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

11 Equalities and Diversity

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

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

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

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

11.4 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- d. remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- e. take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- f. Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

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

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

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

11.7 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

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

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

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

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

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

12 Background Papers

13

13.1 Council – Feb 2023; Agenda item 11.1 [Agenda for Council on Tuesday 28th February, 2023, 7.00 pm \(moderngov.co.uk\)](#)