Annex A

	Cabinet
Title	Chief Finance Officer Report – 2023/24 Quarter 1 Financial Forecast and 2023/24 Budget Management
Date of meeting	5 September 2023
Report of	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 – Fees and Charges (To Follow) Appendix C – Bad Debt 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 forecast outturn for the financial year 2023/24 as at Month 3 (30 June 2023).

The revenue budget outturn is overspent by £23.211m. The council's capital programme expenditure forecast outturn for 2023/24 is £387.508m; with £26.915m slippage due largely to the reprofiling of project expenditure in line with expected project delivery timelines.

This report contains proposed fees and charges due to be implemented from 1 January 2024.

This report contains information on the level of debt and the top 10 debtors as at 30 June 2023 and any subsequent updates that Cabinet needs to be aware of that impact the debt position. As well as routine financial matters in regard to debt management and write offs.

Recommendations

That Cabinet notes:

1. **The forecast outturn for 2023/24 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.**

That cabinet approves:

5. **The changes to the existing Capital Programme in relation to additions and slippage as set out in section 5.1-5.12 in accordance with the virement rules**
6. **That Cabinet agree CIL funding for Road Safety & Parking be increased from £0.450m per annum to £1.2m per annum for schemes to be authorised by the Director, Highways & Transportation**
7. **The Fees and Charges as set out in section 6 and attached at Appendix B for recommendation of the council side fees and charges to Full Council for consideration with any consultation responses and equality impact assessments. To delegate the approval of the executive side fees and charges to the** Portfolio Holder for Resources & Effective Council **once they have been subject to consultation and EQIA**
8. **Approves the writes-offs for Tenant Arrears and Sundry Debt as detailed in sections 7.17-7.26 and in Appendix C.**

1 Summary

1.1 This report sets out the council's forecast outturn position for the 2023-24 financial year as at 30 June 2023.

1.2 Rising demand for services, more acutely presenting in social care settings, continues to be a financial challenge for the authority, against a 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.

1.3 For the General Fund:

- Overall, £23.211m overspend,
- An overall net contribution to reserves of £9.331m. This figure is comprised of a £20.107m contribution to capital reserves for Community Infrastructure Levy (CIL) receipts, and £10.776m net drawdown from earmarked reserves to support service areas.

1.4 Several areas are presenting financial risks, during 2023/24 and over the current MTFS period including the following:

- RE returning services income challenges
- Social Care Placement costs (demographics, complexity, market shaping, Health funding challenges)
- Your Choice Barnet (YCB) care home operational losses (during period of major refurbishment works)
- Increase in Temporary Accommodation demand
- Special Educational Needs Transport – increased costs of delivering service.
- Car Parking income and CPZ implementation (changes in behavioural patterns and delays)
- Unaccompanied Asylum Seeking Children costs
- High inflation and rising interest rates for households, businesses and the council, impact on services both universal and targeted.

1.5 Officer are focusing on the key financial risks highlight above 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 Forecast Outturn

Overview

2.1 The overall forecast outturn position for revenue expenditure is a £23.211m overspend against the approved budget of £368.823m. This is after a net contribution to reserves of £9.331m, driven by the Community Infrastructure Levy transfer to reserves of £20.107m.

Table 1: Forecast Outturn 23-24

Service Areas	2023-24 Budget	Month 3 (Forecast outturn before reserves)	Reserves applied	Month 3 Forecast outturn after reserves	Month 3 variance after reserves
	£m	£m	£m	£m	£m
Communities, Adults and Health	128.989	144.502	(1.151)	143.351	14.362
Children's Family Services	73.976	78.594	(0.477)	78.116	4.140
Customer and Place	56.521	48.495	16.469	64.963	8.443
Assurance	11.551	11.753	0.063	11.816	0.265
Strategy & Resources	78.218	75.646	(1.428)	74.218	(4.000)
Public Health	19.569	20.087	(0.518)	19.569	0.000
Transformation	-	3.626	(3.626)	-	-
Total at Month 3	**368.823**	**382.703**	**9.331**	**392.034**	**23.211**

2.3 Table 2 provides details of the key variances which are behind the £23.211m overspend.

Table 2: M3 Variance

Service Areas	Month 3 variance	Commentary
	£m	
Communities, Adults and Health	14.362	£12.398m relating to Social Care Placements - increases in both numbers, complexity and costs of placements over and above non pay inflation allocations and full year impacts of 22/23 activity. £0.500m relating Social Care staffing pressures dealing with the increasing caseload £1.267m relating to budget shortfall in Cemeteries & Crematorium budget as part of the RE transfer £0.200m relating to pressures in Leisure and Greenspaces
Children's Family Services	4.140	£1.500m - As a result of placement sufficiency nationally and locally more IFA placements are needed for sibling groups and children with more complex behaviours, this is further compounded as placements are being extended due to delays within the court system. £1.200m - Due to the increased complexity in the mental health needs and behavioural challenges there is at times a need to place a child on their own in a solo placement. These placements are exceptional, few in number but high in cost. Currently, there are 5 young persons in solo provisions. £1.200m - Residual pressure in Placements and SEN transport after proposed non pay inflation allocations. £0.200m - Continued growth in Section 17
Customer and Place	8.443	£2.995m - Special Parking Account is forecasting an overspend of £2.995m. Lower than expected numbers of parking contraventions, resulting in a downward revision of forecasted outturns across all areas of PCN issue. Major contributing factors are changes in parking and travel behaviours associated with the cost-of-living issue, increased prevalence of working from home and flexible working arrangements and the legacy impact from the national COVID pandemic. CCTV enforcement activity for moving traffic contraventions has also been lower than anticipated. Implementation of the council's Controlled Parking Zone (CPZ) programme was previously delayed enabling for longer consultation periods for the initial zones consulted upon and to allow for the local elections in May 2022. This has affected the anticipated timelines of the work stream. £2.746m - transformational target related to income shortfall for Planning and Land Charges. £2.400m - transformation target related to income shortfall for Highways

		£0.5m - increase in expected reactive and planned repairs, as the council's Estate has grown over recent years.
Assurance	0.265	The pressure largely relates to fewer Fixed Penalty Notices generated by the Community Safety team than original forecast. • The target was based on a higher rate of penalties issued for fly-tipping. • Officer time has also been diverted to wider council priorities, so expected targets are proving challenging under current arrangements. There is also a £0.073m pressure in Regulatory Services, with a net income shortfall in Trading Standards and Licensing. Council officers are reviewing arrangements to ensure the budget shortfall is recovered going forward.
Strategy and Resources	(4.000)	(£2.000m) North London Waste Authority (NLWA) windfall from 22/23 factored into 23/24's levy. This opportunity could be more as the year progresses. (£2.000m) Capital investment gains / Early Retirement Fee underspend.
Public Health	0.000	Expenditure forecast to equal funding from Public Health Grant and PH Reserve
	23.211	

Reserves

2.4 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.

2.5 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.

2.6 Service-specific use of reserves can be found in the table below:

Table 3 Service specific use of reserves

Service Areas	Outturn (drawdown)/ top-up to reserves	Commentary
	£m	
Communities, Adults and Health	(1.151)	£0.430m Tree planting £0.400m Debt Recovery Team £0.293m Prevention & Wellbeing £0.028m Parks events
Children's Family Services	(0.477)	Drawdowns consisting of Children and Young People Wellbeing Service in BICS £0.260m; BELS support for young people on pathway to employment £.330m; Transformation - Commissioning £0.074m, Foster Recruitment £0.052m and Libraries £0.012m; Safeguarding and Youth Justice £0.069m, partly offset by £0.321m top up to reserves for Community and Troubled Families.
Customer and Place	16.469	£20.107m Year-end transfer of Community Infrastructure Levy (CIL) income to reserve to fund future years CIL related projects £0.115m External Wall Survey £0.188m OPE Grant Reserve and £0.157m Colindale Placemaking, £0.125m Feasibility Study reserve - This includes consultants used to develop a delivery plan, reviewing the connectivity of and use of land, engagement, and communications. £0.093m Fire safety enforcement officers reviewing high and mid-rise private sector properties in Barnet and covering new legal and audit requirements. £0.115m Private Sector Licencing £0.968m Homelessness Reserves to support Temporary Accommodation prevention work. £0.035m Digital Infrastructure £0.924m drawdown for sustainability related to staffing and one-off spend on the Sustainability Agenda. This will be reviewed in detail in the coming months. £0.085m drawdown to fund staffing costs who are assisting in the Strategic Contract Review and

		insourcing of the Services currently outsources through the contracts with Capita. £0.158m top-up of Brent Cross Retail Park vacant possession reserve. £0.600m - Community Skips (Neighbourhood Community Infrastructure Levy (NCIL)) £0.500m - Quarterly deep cleansing of residential Streets (NCIL) £0.268m contribution to reserves forecast unspent Flood Grants from Environment Agency £0.225m drawdown Conway Aecom contract settlement costs £0.050m - Implementation invasive weed control (NCIL)
Assurance	0.063	£0.178m top up to the elections reserve to fund future Local elections £0.033m top in Internal audit to the CCAS (Cross Council Assurance Service) reserve. £0.101m drawdown from Assurance reserve to fund one-off costs related to Regulatory services - including vehicle purchases and equipment. £0.047m drawdown from the CAFT reserve
Strategy & Resources	(1.428)	£0.422m drawdown from NCIL for community engagement £0.300m drawdown from Resident Support fund for Crisis Fund £0300m drawdown from Housing Benefit fund to fund shortfall in Revs & Bens Admin CC £0.253m drawdown from Persian Advice Bureau for hotel outreach & asylum support £0.200m budgeted top up for Care Leavers Participation within HR £0.180m drawdown from Resident Support Fund to fund 4x Income Maximisation Officer (IMAX) posts 0.087m drawdown from Asylum Seekers for hotel outreach & asylum support £0.049m drawdown from Start & Comms minor projects to fund Barnet First Short fall £0.023m drawdown from Syrian VPR to provide continued support to families. £0.0015m budgeted drawdown for Grants
Public Health	(0.518)	£0.344m drawdown for PH Reserve £0.173m Covid Vaccine Champions drawdown from unallocated reserve
Transformation	(3.626)	
Total	**9.331**	

Note: will be subject to change at subsequent reporting periods.

<u>Savings</u>

2.7 The budget for 2023/24 includes planned savings of £11.199m; of which £9.471m of these savings are forecast to be achieved.

Table 4: Forecast Savings Delivery 2023-24

Service Area	Savings target 2023-24	Savings Achieved	(Gap)/Over to plan	Service area gap
	£m	£m	£m	
Adults & Health	(2.841)	(2.841)	0.000	0.00%
Children and Family Services	(0.784)	(0.634)	(0.150)	19.13%
Customer and Place	(2.721)	(1.266)	(1.455)	53.48%
Assurance	(0.055)	(0.055)	0.000	0.00%
Strategy & Resources	(4.797)	(4.675)	(0.122)	2.55%
Total	**(11.199)**	**(9.471)**	**(1.728)**	**15.43%**
Percentages	**100.00%**	**84.57%**	**15.43%**	

2.8 The gap in saving delivery in Children and Family Services

2.8.1 Potential additional income generated through the new Parenting Hub is more than unlikely to be achieved as the ability to sell the service to other local authorities has not been mobilised.

2.9 The gap in savings delivery in Customer and Place:

- £0.750m - Parking: A review of services and policies to ensure a consistent, fair approach to improving traffic. Fundamental service review is being undertaken to determine new 'norms' and projected future incomes based on new travel and parking patterns and behaviours, as M3 this saving will not be achieved.
- £0.355m - Efficiencies across the Commercial Estate. Pressures on utilities, the need to extend leases associated with on-going capital programmes, and the need for unexpected reactive repairs across the estate have meant this is not fully achievable. An ongoing review of reactive repairs and review of leases are being conducted continuously to manage this pressure going forward.

- £0.176m - Housing Acquisitions through Open Door Homes, increasing the housing supply for use as Temporary Accommodation, and reducing TA costs. Savings are not fully achievable, as increased interest rates from Public Works Loan Board borrowing mean the business case on acquiring properties is becoming more challenging. The Barnet Group are working with council officers to review options to mitigate this pressure going forward.
- £0.100m - Centralising IT estate, based on ability to capitalise laptop costs - unachievable as current interest rates will prevent additional borrowing, as the increase in capital costs mean the approach is no longer viable.
- £0.050m Review of the winter maintenance routes and rounds with the move to new depot facilities. Potential to reduce by 2 rounds from the current configuration and remain statutory compliant. Development of Salt Barn at Oakleigh Road will not deliver prior to commencement of '23/24 winter season, as at M3 this saving is not forecast to be achieved.
- £0.025m - Improved Management of Skips placed on public highway £0.025m of the total £0.050m saving is forecast to be achieved. Full adoption of the legislation is expected to take place by November therefore this saving is forecast to be part achieved this year and full year affect will be in 2024/25.

2.10 The gap in savings delivery in Strategy and Resources of £0.122m is related to planned increased recovery of housing benefit overpayments. This is at risk due to potential overspend relating to temp and short-term accommodation where the capped subsidy paid by DWP does not meet full rental costs.

<u>Risks and opportunities</u>

2.11 In preparing this report, several overall (corporate) and service-specific risks have been identified which will have a potential impact during this financial year over and above reported positions.

2.12 Adults and Health

- <u>Demographic</u> - Activity continues to rise, an assumption has been built into 23/24 forecasts, but actuals and cost, particularly for new placements is already exceeding estimates, especially with the continuation of significant discharges from hospital. The service has seen a shift towards more complex care packages which has resulted in a higher average unit cost of care.
- <u>Provider Market inflation</u> - Market conditions continue to present a risk; the forecast includes an assumption on care provider rate inflationary uplifts at the inflation offer of c6-7% for 23/24 but negotiations ongoing with some providers.
- <u>YCB</u> - The operating losses presenting last financial year are continuing into 23/24 whilst major refurbishment works are underway on the two care homes, there is a potential delay to the works programme which may result in additional costs.
- <u>Continued workforce pressure</u> - The previous two financial years have seen a significant impact on demand which has led to pressures in the workforce. There is no extra one-off funding available in 23/24 apart from specific one-off reserve funding for Debt Recovery Team and Prevention and Wellbeing.
- <u>Health Joint Funded Packages</u> - Reconciling packages earmarked as joint health funded continues to be set a challenge. Further work is ongoing with health partners to agree a position.
- 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
    - Optimal use 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. The number of children and young persons with suicidal ideation and self-harm in solo provision currently being supported (and financially projected) is 5. Court delays continue to have a negative impact and 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. There is also the impact of residual pressure in Placements and SEN transport after the non-pay inflation funding allocation.

2.14 Customer and Place

- The direct impact of the cost-of-living crisis has seen an upwards trend in TA numbers over the last few months, with this demand expected to rise. Early forecasts are showing a significant increase in demand in 23/24. The pressure has so far been contained through one-off existing and additional homelessness grant. However, there is a risk of additional in-year and future pressures.
- 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 which are focused on increasing the supply of affordable homes. The 2023/24 savings are at risk, where they relate to TA cost avoidance through increasing the housing supply.
    - Market forces applying upwards pressure to the costs of TA, making it more difficult for the council to secure affordable, good quality housing.
    - Competition for TA accommodation and reduced supply has resulted in the use of more expensive accommodation to manage increased demand in last few months
- 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.

2.15 Corporate

- Inflation risks continue to be a council-wide risk, with the latest headline CPI rate standing at 6.8%. 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.

2.16 Strategy and Resources

- Risk around potential overspend relating to temp and short-term accommodation where the capped subsidy paid by DWP does not meet full rental costs.

3 Ringfenced funding

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

3.0 The HRA budget has been set in line with the 30-year business plan and approved by Full council March 2023.

3.1 The service-related elements of the HRA are forecasted to be £2.598m favourable to budget. This is offset by a corresponding charge of £2.598m in RCCO (Revenue contribution to Capital Outlay). The £2.598m underspend is comprised of:

- **£3.776m** favourable - The dwelling rent income is projected to surpass expectations by generating a favourable dwelling rent income of £3.776m. This accomplishment is a direct result of renting out more units than originally budgeted for this year, which is driven by lower-than-expected HRA stock reductions. Plus, low void rates projected.

- **£1.419m** favourable – Service & other Charges are projected to exceed budget by £1.419m. This is attributed to HRA tenants paying higher amounts for gas and electricity costs.
- **£0.548m** favourable - Our treasury department is projected to managed and invest HRA cash balances, resulting in higher interest income. The interest rates earned are expected to exceed our initial budget.
- Offset by **£3.038m** adverse- The budget is likely to be exceeded, with the projected Debt Expense (interest costs) higher by £3.038m. This is primarily due to un-budgeted, but anticipated borrowings in the third quarter of this financial year. The unbudgeted borrowings are to fund the purchase of 249 units at Colindale Gardens.

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

- Interest rates on borrowing increasing to c.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% and communicated to tenants in February of each year. We await confirmation from Government as to the level of increase in 2024/25.
- Meeting Fire Safety and other regulatory requirements are likely to add further financial pressure on the HRA, as the cost of raw materials and availability of skilled labour continue to drive costs higher than the level of rent inflation.

Table 5: HRA Forecast Outturn position

HRA - Revenue	*22/23 Outturn*	2023/24 Budget	Month 3 Actuals	Month 3 Forecast Outturn after reserves	Month 3 Variance after reserves
	£'000	£'000	£'000	£'000	£'000
Dwelling Rent	(52,578)	(51,734)	(14,280)	(55,510)	(3,776)
Non-Dwelling Rent	(1,069)	(1,021)	(239)	(1,020)	0
Service & Other Charges	(6,628)	(7,491)	(5,132)	(8,910)	(1,419)
Other Income	(317)	(227)	(0)	(119)	108
Housing Management	20,624	21,763	8,046	21,763	-
Other Costs	1,647	804	(2,149)	804	-
Internal recharges	3,082	2,776	4	2,776	-
Repairs & Maintenance - Mgt Fee	9,743	9,540	3,180	9,540	-
Repairs & Maintenance - Non Core	-	-	-	-	-
Provision for Bad Debt	942	1,185	-	1,185	-
Regeneration	688	-	52	-	-
Debt Management Expenses	11,520	11,568	-	14,606	3,038
Interest on Balances	(2,434)	(62)	(1)	(610)	(548)
HRA Controllable (Surplus)/Deficit	***(14,782)***	***(12,897)***	***(10,518)***	***(15,495)***	***(2,598)***
Depreciation	12,683	12,703	-	12,703	-
RCCO	1,998	-	-	2,598	2,598
HRA Capital Charges	***14,681***	***12,703***	*-*	***15,301***	***2,598***
HRA (Surplus)/Deficit	***(100)***	***(194)***	***(10,518)***	***(194)***	*-*

3.3 The projected HRA reserve is £4.214m, an increase of £0.194m from the opening reserve of £4.020m.

Table 6: HRA Forecast Outturn - Reserves

Service Area	B/Fwd	Revenue Movement	Depreciation & RCCO	Forecast Funding for Capex CFR	C/Fwd
	£'000	£'000	£'000	£'000	£'000
HRA Reserve	(4,020)	(15,495)	15,301		(4,214)
Major Repairs Reserve	(2,000)		(15,301)	15,301	(2,000)
HRA Reserves	**(6,020)**	**(15,495)**	**-**	**15,301**	***(6,214)***

Dedicated Schools Grant (DSG)

3.4 At M3, the DSG forecast outturn is a surplus of £1.823m on business-as-usual activities. This is outlined in Table 7.

3.5 For 2023-24, the total allocation for Barnet DSG is £426.9m with £266.435m going via the LA.

3.6 The growth fund is forecast to underspend after agreed funding of £0.394m for Hasmonean High School for Boys and £0.169m for Underhill against the budget of £1.761m.

3.7 The underspend of £0.625m against individual schools budget is due primarily to timing differences in repayment of cash advances previously paid to a number of schools experiencing cash flow difficulties.

Table 7: DSG Forecast Outturn

	2022-23 Outturn	2023-24 Budget	2023-24 Forecast	2023-24 Variance
	£m	£m	£m	£m
Expenditure				
Schools Block:				
Individual Schools Budget	152.267	160.196	159.571	(0.625)
ESG Retained Funding	0.700	0.700	0.700	0
Growth fund	0.384	1.761	0.563	(1.198)
Central School Services	2.344	2.369	2.369	0
Sub-total	**155.695**	**165.026**	**163.203**	**(1.823)**
Early Years Block	29.181	32.519	32.519	0
High Needs Block	60.975	68.890	68.890	0
Sub-total	**90.156**	**101.409**	**101.409**	**0**
Grand Total	**245.851**	**266.435**	**264.612**	**(1.823)**
Income				
DSG Income	(250.692)	(266.435)	(266.435)	
DSG Balance	**(4.841)**	**0**	**0**	**(1.823)**

3.8 The DSG reserve brought forward balance into 2023-24 was £9.711m. 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 was spent in 2022-23 and the remaining balance of £0.787m is planned to be utilised in 2023-24. In addition, a further £1.000m is earmarked for therapies (High Needs) and £1.539m of Early Years is earmarked and is subject to DfE clawback.

Table 8: DSG Forecast Outturn - Reserves

DSG reserves	B/Fwd	Use of Reserve	Top up Reserve	Net Use of Reserves	C/Fwd
	£m	£m	£m		£m
DSG Reserve	(9.711)	3.326	(1.823)	1.503	(8.208)
DSG Reserves	**(9.711)**	**3.326**	**(1.823)**	**1.503**	**(8.208)**

Public Health Grant

3.9 The Public Health Grant of £18.915m is forecast to overspend by £0.333m. This is to be funded by a drawdown from the Public Health ring fenced reserve. The variance mainly relates to one off use of the Public Health Reserve for Prevention projects and some demand led costs offset partially by underspends in support costs.

3.10 A further £0.012m is forecast to be drawn down from Public Health Reserve to cover other one-off items.

Table 9: Public Health Forecast Outturn

Service Area	2023/24 Budget	2023/24 forecast	Variance	PH Reserve applied	Variance after Reserves
	£m`	£m	£m	£m	£m
Public Health Grant	18.915	19.248	0.333	(0.333)	0.000
Total	**18.915**	**19.248**	**0.333**	**(0.333)**	**0.000**

3.11 The Public Health Grant Reserve carried forward from 2022/23 is £1.602m. The projected drawdown required as noted in 3.10 and 3.11 is £0.345m leaving the reserve with a balance of £1.257m.

Table 10: Public Health Grant Forecast Reserve position

Reserves use	Reserve at start of 2023/24	Use of Reserve	Reserve c/fwd to 2023/24
	£m	£m	£m
Public Health Reserve	1.602	(0.345)	1.257

Special Parking Account

3.12 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. The table below illustrates the forecast outturn position for the SPA and the appropriation to the general fund. The SPA forecast outturn for 2023-24 is a shortfall of £2.995m.

3.13 Lower than expected numbers of parking contraventions, resulting in a downward revision of forecasted outturns across all areas of PCN issue. Major contributing factors are changes in parking and travel behaviours associated with the cost-of-living issue, increased prevalence of working from home and flexible working arrangements and the legacy impact from the national COVID pandemic. CCTV enforcement activity for moving traffic contraventions has also been lower than anticipated.

3.14 Implementation of the council's Controlled Parking Zone (CPZ) programme was previously delayed to enable for longer consultation periods for the initial zones consulted upon and to allow for the local elections in May 2022. This has affected the anticipated timelines of the work stream. A fundamental review is being undertaken to inform a reset of the programme and associated timelines. A new CPZ has been introduced in Burnt Oak North and went live in May 2023.

Table 11: Special Parking Account Forecast Outturn

SPA Accounts	2023-24 Budget	Estimated 2023-24 Outturn	
	£m	£m	£m
Income	Budgeted SPA Account	M3 Forecast Outturn	M3 Variance
Penalty Charge Notices	(13.727)	(10.799)	2.928
Residents Permits	(3.232)	(3.544)	(0.312)
Pay & Display	(3.725)	(3.702)	0.023
CCTV Bus lanes	(1.110)	(0.984)	0.126
Total Income	**(21.794)**	**(19.029)**	**2.765**
Operating Expenditure (running costs)	**7.730**	**7.960**	**0.230**

Net Operating Surplus	**(14.064)**	**(11.069)**	**2.995**
Appropriation to General Fund	**(14.064)**	**(11.069)**	**2.995**

2.16.1 2023/24 Budget Management

Contingency

3.15 As part of the 23/24 budget setting process, £13.284m was set aside in contingency for non-pay inflation pressures within services. Officers are currently reviewing relevant service allocations and virements will be processed to service budgets once allocations are finalised.

3.16 Cabinet on 26 June 2023 delegated to the Chief Finance Officer (S151 Officer) the authority to allocate the non-pay inflation contingency budget for 23/24 to departments. The approval was 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".

2.16.2 Capital Programme

3.17 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.

Slippage/Acceleration

3.18 The net slippage/acceleration reported at month 3 was £26.915m with £27.585m spend being slipped out of the 2023/24 financial year into future periods and £0.670m accelerated into 2023/24.

Table 12: Capital Programme - Net slippage/Acceleration

Budget Movement Type	2023-24 Budget	2024-25 Budget	2025-26 Budget	2026-27 Budget	2027-28 Budget	Total Budget
	£m	£m	£m	£m	£m	£m
Reported Capital Budget - July 2023	**414.423**	**211.534**	**128.625**	**54.367**	**0**	**808.949**
Slippage/Acceleration	(26.915)	5.489	5.910	14.444	1.072	0
Additions	0	0	0	0	0	0
Deletions	0	0	0	0	0	0
Reported Capital Budget - September 2023 Revised Programme	**387.508**	**217.023**	**134.535**	**68.811**	**1.072**	**808.949**

3.19 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.

3.20 The breakdown of net slippage and acceleration by Directorate is shown below:

Table 13: 2023/24 Detailed Breakdown of Acceleration/Slippage

Directorate	Additions/ (Deletions)	(Slippage)/ Accelerated Spend	Variance from Approved Budget
	£m	£m	£m
Communities, Adults and Health	0.000	0.000	0.000
Children's Family Services	(0.000)	(4.115)	(4.115)
Assurance	0.000	(0.188)	(0.188)
Customer and Place	0.670	(17.709)	(17.039)
Brent Cross	(0.000)	(5.572)	(5.573)

Strategy & Resources	0.000	0.000	0.000
General Fund Programme Total	**0.670**	**(27.585)**	**(26.915)**
HRA	0.000	0.000	0.000
Grand Total	**0.000**	**(26.915)**	**(26.915)**

3.21 **Communities, Adults and Health –** There is no slippage or acceleration and all programmes are forecast on budget.

3.22 **Children's and Family Service** – £4.115m of slippage to be re-profiled is due to Education projects made up of Grammar Schools, £2.000m and the Oakleigh SEN Phase 2, £1.044m and; Social Care, namely the solo provision project which is experiencing difficulties in securing a long-term property, £1.100m.

3.23 **Customer and Place** – Overall net slippage of 17.039m made up of £17.709m of slippage and £0.670m acceleration from 2024-25.

- Housing General Fund:
  - Housing Acquisitions Open Door - purchases have been approved for a further 70 property. Further purchases beyond this are currently not deemed viable due to increases in interest rates. The council and Barnet Homes are working on option to continue the delivery of the programme. The 70 homes will cost £23m forecasted against the £28m in-year budget, with £5m of the current approved 23/24 budget re-profiled into next year, while delivery plans are considered finalised.
  - Empty Properties (£1.094m) and Hermitage Lane (£1.780m) have been re-profiled into next year to reflect updated delivery.
  - Microsites- this is part of the work under New Build Housing (Tranche 3) and the remaining budget is requested to be moved to the New Build Housing programme. The costs this year relate to the s106 funding.
  - ULF GF Sage – forecast is based on current construction progress; £0.605m has been reprofiled as remaining work will fall into 24/25 and later years.
  - Small Sites (GF) - £0.716m has been re-profiled into next year, to reflect the current delivery profile of the scheme.
- Growth and Regeneration – General:
  - Milespit Cemetary Works – re-profiling of £0.863m due to planning permission pushing spend into future years.
  - Depot Relocation £0.071m and Healthier Routes to Schools £0.030m – residual amounts to be paid next year due to retention costs.
  - Town Centres - £7.267m re-profiled into future years to reflect delivery of projects.
- Highways and Transportation SCIL: £0.670m accelerated into 2023/24. The Portfolio Lead for Environment and Climate Change has agreed to £0.670m to be brought froward from the 2024/25 CIL in order to accommodate carriageway resurfacing and patching works on Rushgrove Avenue and Cranbourne Gardens.

3.24 **Assurance** – The capital programme is expected to be on budget for 2023/24.

3.25 **Brent Cross** – The Brent Cross capital programme is currently projecting re-profiling expenditure of £5.573m at M3 for 2023-24. The re-profiling all relates to aligning appropriate budgets into the 2025-26 financial year.

1. BXC – Funding for land acquisitions – The forecast at M3 for 2023-24 identifies a need for re-profiling expenditure of £0.592m across 2024-25 £0.145m and 2025-26 £0.447m. The future years relate to a need to continue professional fees and resources on the infrastructure 3 programme, whilst LBB and Hammerson develop an evidence based descoping programme. All the remaining Whitefield Estate Part 1 properties have now vested with the Council in May 2023 and legal & professional fees have been aligned where possible to the latest Gowlings estimate.
2. Brent Cross West – The forecast at M3 for 2023-24 identifies re-profiling expenditure of £2.580m into 2025-26. The 2025-26 forecast is materially based on the creation of a new Waste Transfer Station at Geron Way, and the acceleration of the infrastructure works required at that junction. BXW Station construction is complete with the station due to open in October 2023.
3. Critical Infrastructure – The forecast at M3 for 2023-24 identifies re-profiling expenditure of £0.830m into 2025-26. The balance held in 2025-26 relates to contingency held to mitigate increases in Price Cost Estimates (PCE) and statutory interest on vested commercial properties.
4. BXT Land Acquisitions - The forecast at M3 for 2023-24 identifies a need for re-profiling expenditure of £1.571m into 2025-26. The balance relates to contingency held to mitigate increases in Price Cost Estimates (PCE) and statutory interest. Any surpluses will be netted off as the scheme is fully recoverable under the BXT Project Agreement.

Additions

3.26 There are no additions for September cabinet.

3.27 It is recommended to increase the CIL funded Road Safety & Parking Fund, to £1.2m per annum for each financial year starting in 2023/24. This will be funded through the Neighbourhood Portion of our CIL receipts and the fund will continue to be managed borough-wide by the Director for Highways & Transportation.

Capital Programme 2023-28

3.28 Following the slippage/acceleration and additions the table below provides a summary of the revised capital programme for Cabinet approval broken down by Portfolio is as follows:

Table 14: Summary of proposed Capital Programme after changes

Portfolio	2023-24	2024-25	2025-26	2026-27	2027-28	Total
	£m	£m	£m	£m	£m	£m
Adults and Social Care	5.825	3.762	0	0	0	9.587
Homes and Regeneration (Brent Cross)	54.778	23.425	8.030	0	0	86.233
Family Friendly Barnet	8.347	13.488	5.431	5.821	0	33.088
Culture, Leisure, Arts and Sports	1.687	0.188	0	0	0	1.875
Environment and Climate Change	46.351	21.379	12.960	0	0	80.690
Homes and Regeneration	129.024	71.968	43.817	15.304	1.072	261.185
Resources and Effective Council	25.526	5.871	0.450	0.310	0	32.157
Total - General Fund	**271.537**	**140.081**	**70.688**	**21.435**	**1.072**	**504.813**
Housing Revenue Account	115.971	76.941	63.848	47.376	0	304.135
Total - All Services	**387.508**	**217.022**	**134.535**	**68.810**	**1.072**	**808.949**

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

Funding of the Capital Investment Programme 2023-28

3.30 The composition of capital funding for 2023-28 broken down by portfolio is detailed in the table below.

Table 15: Funding of the Capital Programme

Portfolio	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 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	8,496	86,234
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	3,592	5,594	382	0	37,232	0	33,889	80,689
Homes and Regeneration	47,322	6,078	9,976	0	37,278	8,400	152,130	261,184
Resources and Effective Council	1	45	54	0	0	0	32,056	32,157
Total - General Fund	**145,531**	**13,529**	**28,083**	**1,012**	**78,994**	**8,400**	**229,265**	**504,813**
Housing Revenue Account	13,137	2,900	13,023	38,931	0	0	236,145	304,135
Total - All Services	**158,667**	**16,429**	**41,106**	**39,942**	**78,994**	**8,400**	**465,410**	**808,949**

Borrowing

3.31 £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.

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

3.33 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

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

3.35 £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.

3.36 Current receipts are standing at £45.768m with £36.573m being HRA receipts and the remaining £9.195m General Fund receipts. The current disposal programme estimates General Fund disposals of £9.158m in 23/24 and £8.325m in 24/25.

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

3.38 £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

3.39 The current capital programme shows £158.667m will be funded from Capital Grants. S106 and CIL are standing at £16.429m and £78.994m, respectively.

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

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

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

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

2.16.3 Review of Fees and Charges

3.44 Fees and charges are reviewed on an annual basis to ensure that the costs of chargeable services are covered, and the Council is achieving value for money. Some of the areas administering fees and charges have recently been insourced from RE.

3.45 Council officers have revised fees and charges through the application of one of the following methods depending on what the law allows: full cost recovery model, the indexation of fees and charges to the level of inflation at 6.8%, or other means by which officers have benchmarked with other authorities to ensure the council is maximising cost recovery.

3.46 The general principles that have been applied to the fees and charges are set out in the table below:

Table 16 Fees and Charges methodology

Service	Methodology
Cemetery and Crematorium	All existing Fees and Charges are in increased in line with inflation, other than where it is due to either (a) the charge being statutory and as such is not subject to inflation, (b) increased higher than inflation to meet cost recovery objective.
Environmental Health	
Highways	
Land Charges	
Libraries	
Planning	
Strategic Planning & Regen	
Trading Standards and Licensing	
Early Help 0-19 Traded Services	Uplift in line with inflation
Family Resource Centre	
Estates	
Greenspaces	5% uplift (10% parking)
Leisure - Sport & Physical Activity	5-7% uplift
Early Help 0-19 Local Authority Nurseries	6% uplift, inline with last year, which is below inflation.
Street Scene	8% uplift. Based on full cost recovery.
Parking	Average increase 10%.
Street Lighting, DLO & EV Charging	Electric vehicle charging is proposed to increase by 18% in keeping with the rising cost of energy.
Electoral Register	Charges have changed where this is defined in statute
Fixed Penalty Notices	
Registrars	Full Cost Recovery
Regulatory Services - Private Sector Housing	
Building Control	No change
HRA - Leaseholder Service Charges	

3.47 The July 2023 rolling 12-month CPI inflation currently stands at 6.8%. Where fees and charges have been uplifted in line with inflation this figure of 6.8% has been used.

3.48 The proposed fees and charges are attached as Appendix B to this report. The proposal is that revised fees and charges will be effective from January 2024 subject to the results of public consultation and equality impact assessment.

2.16.4 Revenues and debt

Collection Fund - Council Tax

3.49 For the purposes of this report, current year information has been compared against 2019-20, 2020-21, 2021-22 and 2022-23. This is to allow a visible comparison from pre-pandemic through to current period.

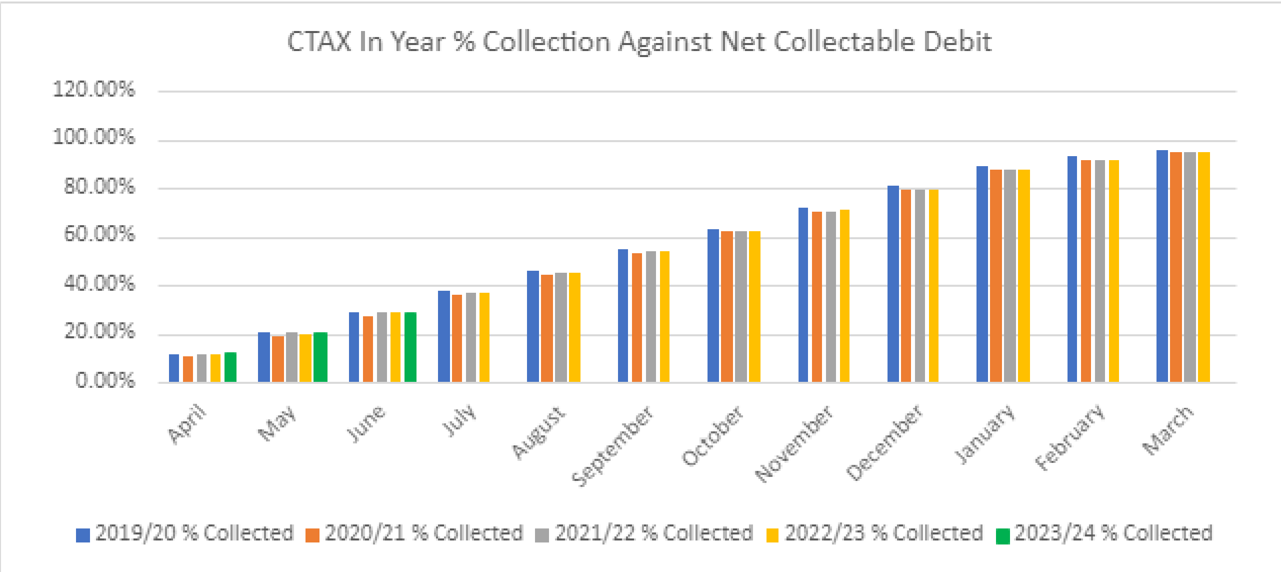
3.50 The collection rate in June 2023 is 28.51%, this is 0.14% higher than June 2022, 0.13% lower than June 2021, 1.25% higher than June 2020 and 0.51% lower than June 2019 (pre-pandemic). Benchmarking within London shows this is not unique.

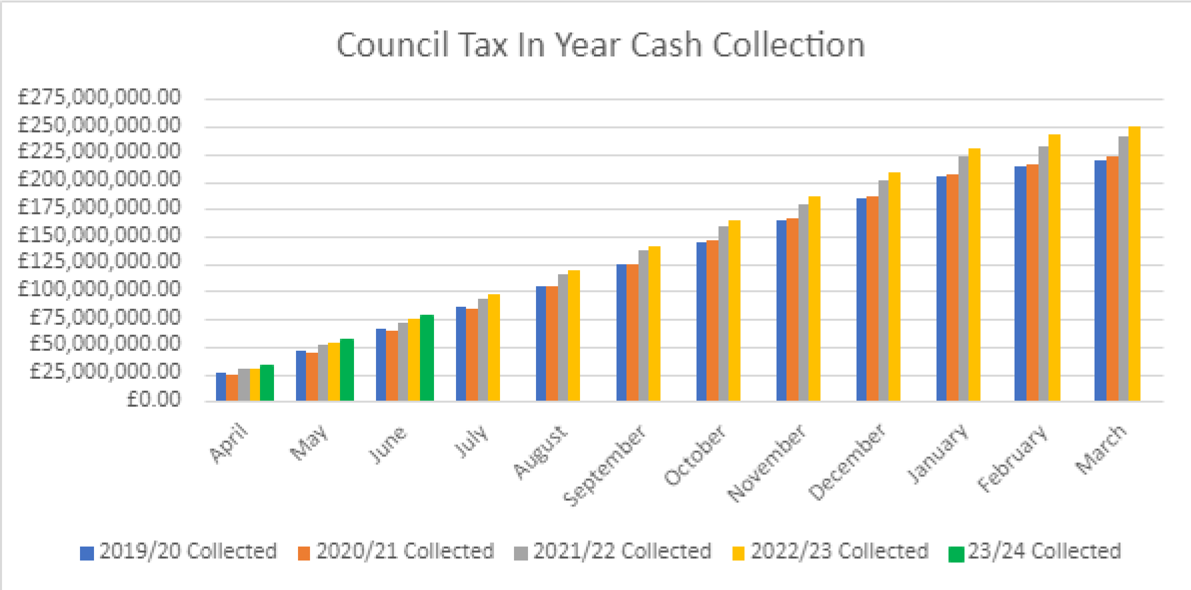
3.51 CSG are currently working on the aged debt, focusing on writing off what cannot realistically be collected. A trial is also underway within LBB whereby debtors have been segmented to target collection strategies based on ability to pay. This is being closely monitored and effectiveness will be covered in a future report.

3.52 In cash terms, June 2023 collection levels are £4.819m higher than June 2022, £7.103m higher than 2021, £15.508m higher than 2020 and £13.626 higher than 2019 (pre - pandemic) – this is due in part to annual increases in both the council tax base and the household charge over two budget cycles.

3.53 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 (£0.024m) from previous months' and are now forecasting to be £0.215m above budget. This can be managed through the Collection Fund Adjustment Account.

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





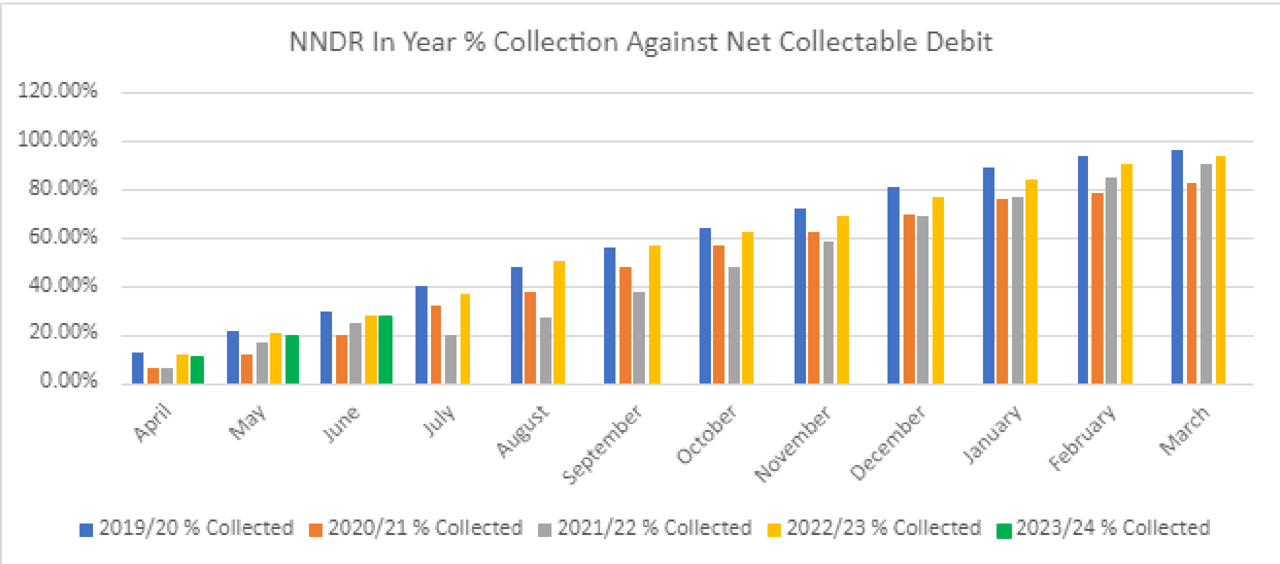
<u>Collection Fund – Business Rates</u>

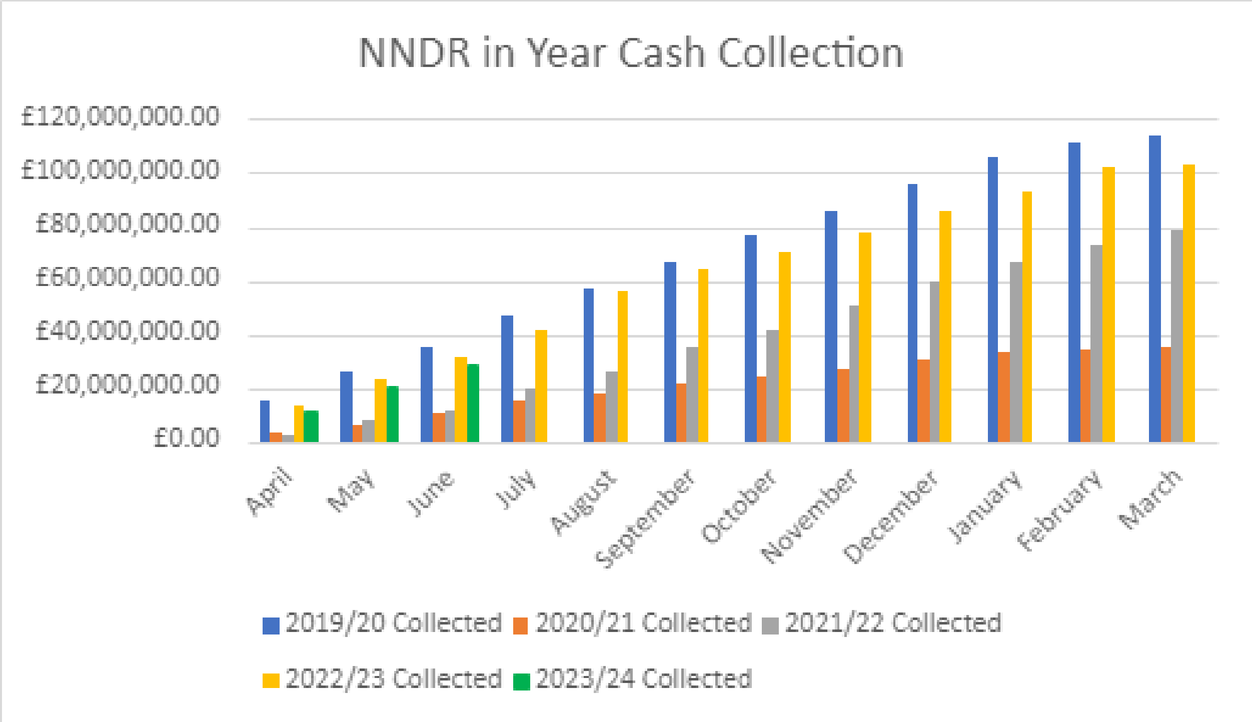
3.55 The Business Rates collection rate in June 2023 is 28.22%, a decrease of 0.04% compared to 2022, 3.56% increase compared to 2021, 8.52% increase compared to 2020 and 1.34% lower than 2019.

3.56 In cash terms, the current collection level is £2.793m lower than June 2022, £17.112m higher than 2021, £18.467m higher than 2020 and £6.126m lower than 2019.

3.57 The cash collection is impacted by the Net Collectible debit (NCD) in each year. In June 2023, the NCD is £9.751m lower than June 2022 which is why we have seen a reduction in cash collected between these years.

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





Emergency Financial Support for Residents

3.59 Emergency support is in the form of Discretionary Housing Payments (DHP), Discretionary Council Tax Discounts (S13A) and Resident Support Fund (RSF) payments.

- DHP awards as at end of June 2023 are £0.389m and we are forecasting that we will spend 100% of Governments funding in this area which is £1.475m
- S13A awards as at end of June 2023 are £0.129m and we are currently forecasting an annual spend of £0.517m.
- RSF awards as at the end of June 2023 are £0.182m and we are currently forecasting an annual spend of £0.728m

Court Costs

3.60 June 2023 court costs awarded are £0.391m which is 7.5% lower than June 2022.

3.61 Court costs collected as at end of June 2023 are £0.238m which is 15.7% lower than June 2022

3.62 The current budgeted income forecast is not expected to be impacted by the reduction in costs awarded in quarter 1 of this year against last.

Housing Benefit Overpayments (HBOP)

3.63 Housing Benefit Overpayment Collection at the end of June 2023 is £0.601m. This is 3.19% higher than June 2022.

3.64 From the current forecasted income in this area, it is expected that the budget target of £2.645m will be met for 2023/24.

Debt Write-offs

3.65 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.

Tenant Arrears Write Offs – HRA

3.66 Tenant Arrears relating to HRA are recommended for write off. Individual debts over £5,000 totalling £131,837.80 covering the financial year 2017/18 to 2022/23 are recommended for write off. In addition, P&R are asked to note individual debts under £5,000 totalling £258,236.80 covering the financial years 2013/14 through to 2022/23 which are being written off.

3.67 All the debts detailed below relate to closed accounts and are considered:

- ‘statute barred’ which means the Council cannot lawfully recover any debt from the former tenants because the debt is more than six years old and so the time period allowed by law for such recovery has passed.
- ‘uneconomical to recover’ which means that the debt is too small to warrant any recovery action although attempts may have been attempted.
- ‘deceased no estate’ which means that the customer has passed away and that no contact has been received regarding an estate.
- ‘vulnerability’ which means that customer has vacated the premises and is also likely to be vulnerable.
- ‘debt relief order and/or bankruptcy orders’ have been applied and as such the debt is not being pursued.
- ‘final agreement settlement’ which means that the debt was being pursued by debt collectors and an agreement has been reached to settle the matter.
- ‘management decision’ which means that management have assessed that the case can be written off (e.g. vulnerable persons, mental health).
- ‘unsuccessful from debt collection’ which means that debt collectors have been unsuccessful in attempted collection.

3.68 Attempts to recover the monies owed by former tenants including following up on known contact details, referring cases to external expert agencies, such as search and debt recovery agencies and working with other local authorities/ housing agencies and probate checks.

3.69 The breakdown of the write offs greater than £5,000 totalling £131,837.80 are as follows:

Table 17: Breakdown of Write-offs – Tenant Arrears HRA

Debt Category	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
Deceased Without Estate						£40,625.94	**£40,625.94**
Statute Barred	£5,034.96						**£5,034.96**
Debt Relief Order							**£0.00**
Uneconomical to Pursue							**£0.00**
Unrecoverable - Vulnerability							**£0.00**
Management decision - other			£5,388.44				**£5,388.44**
Unsuccessful from Agency	£80,788.46						**£80,788.46**
Settlement agreement with agency							**£0.00**
Grand Total	**£85,823.42**	**£0.00**	**£5,388.44**	**£0.00**	**£0.00**	**£40,625.94**	**£131,837.80**

Tenant Arrears Write Offs - General Fund

3.70 Tenant Arrears relating to the general fund are recommended for write off. Individual debts over £5,000 totalling £211,115.88 covering the financial year 2017/18 are recommended for write off. In addition, P&R are asked to note individual debts under £5,000 totalling £406,660.19 covering the financial years 2014/15 through to 2023/24 which are being written off.

3.71 All the debts relate to closed accounts and are considered either:

- ‘statute barred’ which means the Council cannot lawfully recover the debts from the former temporary accommodation tenants as the time period allowed by law for such recovery has passed;
- ‘unrecoverable’ due to the former tenant either being homeless and being housed under the Severe Weather Emergency Protocol or being particularly vulnerable;

- ‘deceased no estate’ which means that there is no estate for the deceased which can be considered to recover from;
- ‘unsuccessful from debt agency’ which means the case was sent to a debt recovery agency but their collection activities were exhausted and unsuccessful;
- ‘final settlement’ meaning an agreement has been made for part payment towards the debt as full & final settlement; or
- low level debts (i.e. debts of £20 or under, or between £20-£100 where attempts to contact have been unsuccessful) have also been included as the recovery of these monies are deemed uneconomical to recover.
- ‘Management Decision’ meaning the arrears are being written off at the discretion of a senior manager.

3.72 Attempts to recover the monies owed by former tenants including following up on known contact details, referring cases to external expert agencies, such as search and debt recovery agencies and working with other local authorities/ housing agencies and probate checks. 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.

3.73 The breakdown of the write offs greater than £5,000 totalling £211,115.88 are as follows:

Table 18: Debt Write-offs: tenant Arrears General Fund

Debt Category	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Deceased Without Estate						**£0.00**
Statute Barred	£140,194.02					**£140,194.02**
Debt Relief Order						**£0.00**
Uneconomical to Pursue						**£0.00**
Unrecoverable - Vulnerability/ SWEP						**£0.00**
Unsuccessful from Agency	£70,921.86					**£70,921.86**
Settlement agreement with agency						**£0.00**
Grand Total	**£211,115.88**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£211,115.88**

3.74 A more detailed breakdown of the debt write-offs is shown in Appendix C to this report.

Sundry Debt

3.75 Between May 2023 and June 2023 overall debtors decreased by £3.349m. It should be noted that this information is a snapshot as at that date and the overall position varies.

Table 19: Aged Debt Analysis as at 30 June 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 3	2.484	1.047	0.536	7.085	32.393	43.545
Month 2	0.983	0.474	8.629	16.397	18.910	45.393
Movement	**1.501**	**0.573**	**-8.093**	**-9.312**	**13.483**	**-1.848**

3.76 The table below gives detail of the top ten individual debts by debtor, totalling £26.770m**.**

Table 20: Top Ten Debtors 30 June 2023

Top Ten Debtors 30 June 2023						
Debtor	**Total Debt**	**Not Overdue**	**Up to 30 days**	**30 - 60 days**	**60 - 90 days**	**Over 90 days**

	£m	£m	£m	£m	£m	£m
NHS NORTH CENTRAL LONDON ICB	21.930	0	0.060	0	2.242	19.628
GREENWICH LEISURE LTD	1.504	0	0	0	1.504	0
THE FREMANTLE TRUST	1.357	0	0	0	0	1.357
Mayor's Office for Policing and Crime	0.577	0	0	0	0.226	0.351
NHS England	0.500	0	0	0.500	0	0
Brent Council	0.220	0	0	0	0.220	0
Countryside Properties UK Ltd	0.210	0	0	0.210	0	0
NHS North Central London CCG	0.201	0	0	0	0	0.201
Mechinah Golders Green LTD	0.143	0	0	0	0	0.143
London Borough of Camden	0.128	0	0	0.004	0.125	0
Total	**26.770**	**0**	**0.060**	**0.714**	**4.317**	**21.680**

3.77 There is a significant class of debt relating to Adult Social Care client contributions. At the end of June 2023, the level of total debt related to individuals who receive adult social care services was £12.258m, of which £6.61m is greater than 1 year old, although £2.9m relates to Deferred Payment Arrangement (DPA) Debt accounts. In 23/24, the Debt Project Team are continuing to look 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. The team has recovered a total of £3.4m as well as secured £1.6m worth of DPA debt against individual properties.

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

3.79 Discussion is ongoing between Greenwich Leisure and the Council surrounding indexation. The Assistant Director of Greenspaces and Leisure has advised this is near resolution.

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

3.81 The debt relating to the Mayor's Office for Policing and Crime was resolved within month 4.

3.82 The aged debt for Brent Council was resolved during month 4.

3.83 Countryside Properties UK Ltd have confirmed the outstanding balance will be cleared in month 5.

3.84 Property services are currently working with HBPL around the sale of the land associated with the Mechinah Golders Green Ltd debt. The repayment of this debt is included within the negotiations.

3.85 The debt relating to London Borough of Camden was resolved in month 4.

4 Treasury & Liquidity

4.0 The council adopted its current Treasury Management Strategy Statement (TMSS) at Full Council in February 2023. There have been no revisions since that time.

4.1 At the end of July 2023, the council held £131.2m in short-term investments with an interest rate spread from 4.08% to 5.73%, averaging 4.83% yield. £80.5m is invested in same-day money market funds (MMF) with the balance of £50.7m in fixed term deposits with maturity dates of less than 1 year.

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

4.3 During 2023, the council did not breach its major indicators for external borrowing – the operational boundary (£819.873m) and the authorised limit (£919.873m) that were agreed in the 2023/24 TMSS.

4.4 The council has borrowed £45m as an annuity loan from the Public Works Loan Board (PWLB). Total long-term borrowing totals £744.1m of which £62.5m is Lender Option Borrower Option (LOBO) loans where the lender option is next due in 2024. The remaining £681.6m is long-term borrowing from the PWLB.

4.5 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. The market is expecting interest rates to fall over the course of the next 12-months although the position is very sensitive to inflation reports and other economic data.

4.6 The council had previously fixed forward borrowing at low rates in 2020/2021 and 2021/22, however the council is now operating in a significantly higher interest rate environment. The treasury team's timing of borrowing will be tied more closely to the agreement of new projects and the time the cash is required to avoid any additional cost of carry.

4.7 As the council's overall interest payments has increased significantly in the past three financial years, any additional projects included in the Capital Programme that are to be financed through borrowing will require additional budget to be allocated to the capital financing budget allocation.

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

5 Post Decision Implementation

5.0 N/A

6 Corporate Priorities, Performance and Other Considerations

Corporate Plan

6.0 This supports the council's corporate priorities as expressed through the Corporate Plan which sets out our vision and strategy for the borough. This includes the outcomes we want to achieve for the borough, the priorities we will focus limited resources on and, our approach for how we will deliver this.

Corporate Performance / Outcome Measures

6.1 None in the context of this report

Sustainability

6.2 None in the context of this report

Corporate Parenting

6.3 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

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

Insight

6.5 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

6.6 No application to this report

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

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

7.1 Adjusting fees and charges will ensure effective cost recovery for delivering the service; prices listed do not include VAT, which will only be charged where indicated.

8 Legal and Constitutional References

8.0 Section 151 of the Local Government Act 1972 states that: "without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". Section 111 of the Local Government Act 1972 relates to the subsidiary powers of local authorities to take actions which calculated to facilitate, or are conducive or incidental to, the discharge of any of their functions.

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

Under the Local Government Act 2003 section 93 the council have power to charge for certain services on a cost recovery basis. Other legal powers are set out in the attached fees and charges spreadsheet.

8.2 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;

8.3 The Council's Constitution, Part 4A sets out the financial regulations part 2.5.4 states that the relevant committee (for example, Licensing and General Purposes Committee) or Cabinet can approve in-year changes to fees and charges subject to them being reported to Council and any requirements relating to public consultation and equality impact assessments being undertaken

9 Consulting and Engagement

9.0 The council will conduct a consultation which will cover the proposed changes to fees and charges as laid out in Appendix B.

10 Equalities and Diversity

10.0 Decision makers should have due regard to the public sector equality duty in making their decisions. The equalities duties are continuing duties, they are not duties to secure a particular outcome. Consideration of these duties should precede the decision. The statutory grounds of the public sector equal duty are found at section 149 of the Equality Act 2010 and are as follows:

10.1 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.

10.2 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.

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

10.4 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.

10.5 Tackle prejudices and promote understanding.

10.6 Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act. The relevant protected characteristics are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation
- Marriage and Civil partnership

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

10.8 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

11 Background Papers

11.0 None