	Cabinet
Title	Chief Finance Officer Report – 2023/24 Quarter 2 Financial Forecast and 2023/24 Budget Management
Date of meeting	14th November 2023
Report of	Leader of the Council and Cabinet Member for Resources & Effective Council – Councillor Barry Rawlings
Wards	All
Status	Public
Key	Key
Urgent	No
Appendices	Appendix A Updated Capital Programme
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 6 (30 September 2023).

The revenue budget projected outturn position reports an overspend of £25.823m this is an increase of £2.612m from quarter 1, net of reserve adjustments.

The council's capital programme expenditure forecast outturn for 2023/24 is £420.559m; with £48.852m net slippage/acceleration due largely to the reprofiling of project expenditure in line with expected project delivery timelines.

This report contains information on the level of debt and the top 10 debtors as at 30 September 2023 and any subsequent updates that Cabinet needs to be aware of that impact the debt position.

The reports also includes narrative on the financial pressures facing the London Council region.

Recommendations

That Cabinet notes:

1. **The forecast outturn for 2023/24 against the Council's revenue budget;.**
2. **The current use of reserves,**
3. **The expenditure against capital budgets in the year;**
4. **The current debt position.**

That cabinet approves:

5. **The changes to the existing Capital Programme in relation to additions and slippage as set out in section 4.4-4.20 in accordance with the virement rules;**

1 Summary

1.1 This report sets out the council's forecast outturn position for the 2023-24 financial year as at 30 September 2023 (quarter 2)

1.2 For the General Fund:

- Overall, **£25.823m projected overspend**, an increase of £2.612m from quarter 1.
- This is after a projected overall net contribution to reserves of **£8.048m**. This figure is comprised of a £12.059 drawdown from earmarked reserves to support service areas and a £20.107m *contribution* to capital reserves for Community Infrastructure Levy (CIL) receipts. More detail on the forecast reserves position can be found in para 2.5.

1.3 Rising demand for services against a backdrop of rising inflationary costs in the sector continues to be a financial challenge to the authority. Several areas are presenting acute financial risks, during 2023/24 and over the current MTFS period including the following (further detail in section 2):

- RE returning services income challenges
- Social Care Placement costs (demographics, complexity, market shaping, Health funding challenges)
- 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.

1.4 Officers 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.

1.5 There are opportunities for additional income realisation and cost mitigation which are being explored, alongside possible efficiencies identified via the Transformation Strategy. Currently this forum has identified in excess of £2.7m of cost mitigation.

1.6 Officers continue to seek opportunities for cost reduction including working with the Local Government Association and regional partners and are also assessing the impact of new technology on service delivery. The council now has a robust approach to vacancy management.

1.7 Regional Context *

The Council have been participating in a survey conducted by London Council's culminating in a recent report into London Councils Finances, summary of the main regional financial pressures below;

- *Boroughs' overall resources are 22% lower in real terms than in 2010 – even though there are now almost 800,000 (10%) more Londoners to serve.*
- *The Covid-19 pandemic added £3bn of financial pressures to London boroughs in 2020-21 and 2021-22. High demand pressures in many services, especially within homelessness, services for children with special educational needs and disabilities, children's social care, and – most significantly - in adult social care, where the impact of long Covid, interaction with the huge NHS backlog, and increasing delayed transfers into adult social care, is leading to continued overspending.*
- *Outer London boroughs, as the lowest funded authorities per capita in the country, have particularly few resources to alleviate these growing pressures.*
- *The energy crisis, soaring inflation, the increase in the National Living Wage and cost-of-living pressures on residents have added huge additional financial pressures to budgets. Despite the 7% increase in Core Spending Power in 2022-23, boroughs need to make up to £400m of savings this year. That funding gap will almost double to more than £700m next year (2023-24), based on the plans set out by the government's most recent Spending Review*
- *The scale of the challenge is colossal. For context, £700m is equivalent to what London boroughs spend in total on public health each year (£703m), more than boroughs spend on homelessness and housing services (£615m), retrofitting 27,000 homes to help achieve London's net zero goal, delivering 46,000 apprenticeships to boost young Londoners' skills and employment opportunities, or a year of care for 64,000 Londoners in nursing homes*
- *Local authorities are highly dependent on central government funding. There is no realistic way that boroughs could currently raise the £700m through other means. If boroughs were to try raising the £700m from London's council tax payers, council tax bills would need to rise by around 18%.*

- *A further £700m will be required in each of the following two years (2024-25 and 2025-25). In total, the forecast funding gap is £2.4bn over the next four years – which is almost £1bn higher than they were planning a year ago. This is the most challenging outlook boroughs have faced since 2010.*
- *There is no painless way for boroughs to make savings on the scale required. Any low hanging fruit and basic efficiencies are long gone. Staff numbers have been reduced by a third (80,000) since 2010. Many boroughs have delivered significant transformational programmes, which can only be done once. Boroughs across the capital call for Government action to address acute demand pressures and spiralling costs. Measures called for include an overall funding increase of at least 9%, in line with the rise last year, and investment to reduce homelessness, including an uplift in the local housing allowance and homelessness prevention grant.*

**Source (https://www.londoncouncils.gov.uk/members-area/member-briefings/local-government-finance/update-london-boroughs%E2%80%99-finance-pressures#:~:text=London%20Councils'%20research%20suggests%209,sustained%20underfunding%20of%20local%20services.)*

2 Forecast Outturn

Overview

2.1 The overall forecast outturn position for revenue expenditure is a £25.823m overspend against the approved budget of £368.818m.

Table 1: Forecast Outturn 23-24

Service Areas	2023-24 Budget	Month 6 (Forecast outturn before reserves)	Reserves applied	Month 6 Forecast outturn after reserves	Month 6 variance after reserves	*Month 3 variance after reserves*	*movement*
	£m	£m	£m	£m	£m	£m	£m
Communities, Adults and Health	134.222	153.112	-1.551	151.561	17.339	*14.362*	*2.977*
Children's Family Services	78.916	84.599	-0.576	84.024	5.108	*4.14*	*0.968*
Customer and Place	60.28	51.211	16.442*	67.653	7.373	*8.443*	*-1.07*
Assurance	11.65	12.604	-0.954	11.65	-	*0.265*	*-0.265*
Strategy & Resources	64.181	61.079	-0.898	60.181	-4.000	*-4.000*	*0*
Public Health	19.569	20.361	-0.789	19.572	0.003	*0*	*0.003*
Transformation	-	3.626	-3.626	-	-	-	-
Total at Month 3	**368.818**	**386.592**	**8.048**	**394.641**	**25.823**	***23.211***	***2.612***

**Includes £20.107m top-up to capital receipts reserve for Community Infrastructure Levy (CIL) receipts*

2.2 Table 2 provides details of the key movement in variances between Month 3 and Month 6.

Table 2: M3 to M6 Movement in Variance

Service Areas	Month 6 variance after reserves	Month 3 variance after reserves	movement	Commentary
	£m	£m	£m	
Communities, Adults and Health	17.339	*14.362*	*2.977*	Movement related to increased pressures in Adult Social Care. There are increases in placement numbers in Nursing, Supported Living and Homecare whilst costs are increasing across the board due to complexity and the market charging increased costs for new placements over and above inflation rates.
Children's Family Services	5.108	*4.140*	*0.968*	Adverse movement due to increase in remand services arising from 6 new placements, £0.580m; 2 new placements in External residential; £0.175m and an increase in Family assessments, £0.230m.
Customer and Place	7.373	*8.443*	*(1.070)*	Overall favourable movement largely driven by: £0.329m favourable movement in Highways due to vacancies not yet filled £0.378m favourable movement in street scene made up of

				outcomes from contract management mechanisms for Street Lighting and the confirmation of energy use charges as well as additional garden waste income received. £0.209m favourable movement in Planning and Building control due to delayed recruitment and increased fee income.
Assurance	-	*0.265*	*(0.265)*	£0.137m favourable movement through a review of short-term vacancies and reduced running costs in Governance, Internal Audit and Business Development. The balance relates to reduced in-year CCTV maintenance costs, after a delay in the fibre installations, and increased income in Environmental Health and Licencing.
Strategy and Resources	(4.000)	*(4.000)*	*(0.000)*	
Public Health	0.003	*0.000*	*0.003*	

Reserves

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

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

2.5 The forecast outturn reserves position is shown in the table below:

Table 3 Forecast Reserves at 31 March 2024 **

	Balance at 31 March 2023	In year Expenditure	Reserve movements	New Reserves Raised	Balance at 31 March 2024
	£000	£000	£000	£000	£000
Capital - Community Infrastructure Levy	24,699	(24,495)	0	20,107	20,311
Revenue implications of capital	3,569	0	0	0	3,569
Total Capital Reserves	**28,268**	**(24,495)**	**0**	**20,107**	**23,880**
Public Health	1,603	(616)	0	0	987
Dedicated Schools Grant	9,711	(393)	0	0	9,318
Special Parking Account	1,311	0	0	0	1,311
Earmarked Revenue Grants	5,503	(1,453)	0	749	4,799
Brent Cross Designated Area S31	13,449	0	0	0	13,449
Insurance	2,768	(1,000)	0	0	1,768
Council tax and NNDR smoothing	2,822	(2,822)	0	0	(0)
Total Ringfenced Reserves	**37,167**	**(6,284)**	**0**	**749**	**31,632**
Housing Benefits	0	0	0	0	0
Local Welfare Provision	4,084	0	320	0	4,404
Covid-19 Recovery	(0)	0	0	0	(0)
Service Specific Revenue Reserves	14,737	(1,766)	(320)	1,398	14,049

Climate change	1,543	(804)	0	0	739
Council Tax Rebate	0	0	0	0	0
Transformation Reserve	6,177	(3,626)	6,000	0	8,551
Residents Support Fund	2,369	(771)	0	0	1,598
Financial Resilience Reserve	32,356	(2,648)	(6,000)	0	23,707
Total Committed Reserves	**61,266**	**(9,615)**	**0**	**1,398**	**53,048**
Total Earmarked Reserves	**126,701**	**(40,394)**	**0**	**22,254**	**108,561**

** Excluding any drawdowns to support 23/24 overspend.

Savings

2.6 The budget for 2023/24 includes planned savings of £11.199m; of which £9.435m 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	
Communities, Adults & Health	(2.841)	(2.805)	(0.036)	1.27%
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)**	**(9.435)**	**(1.764)**	**15.75%**
Percentages	**100.00%**	**84.25%**	**15.75%**	

2.7 The gap in savings delivery in Communities, Adults & Health of £0.036m relates to Cafes and Biodiversity Net Gains being delayed in delivery. Any pressure is being contained within the overall budget.

2.8 The gap in saving delivery in Children and Family Services

- 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 M6 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 During the first half of this financial year several overall (corporate) and service-specific risks have been identified which will continue to have a potential financial impact during the remainder of the year.

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 there are still some outstanding negotiations with a few 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 delay to the works programme which will 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 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 and Homes for Ukraine 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 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.

2.16 Corporate

- Inflation risks continue to be a council-wide risk, with the latest headline CPI rate standing at 6.7%. Although the rate of inflation is falling, it is not falling at the rate originally predicted by the Bank of England and economists. There is a risk that the inflation assumptions which informed the 2023/24 budget were too low and this could cause a pressure in 2023/24.

3 Ringfenced funding

Housing Revenue Account (HRA)

3.0 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 £3.243m favourable to budget. This is offset by a corresponding charge of £3.243m in RCCO (Revenue contribution to Capital Outlay). The £3.243m 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.
- £1.548m favourable - Our treasury department is projected to managed and invest HRA cash balances, resulting in higher interest income. n balances are expected to exceed our initial expectations.
- £1.191m favourable – This is mainly due to £1.190m insurance reimbursement for fire damage repair costs at Willow House in FY19/20.

- The projections include demolition costs of the recently fire-damaged properties at Moss Hall Grove of £0.607m. Another insurance claim will fund these costs, hence it is likely to have a null impact on the accounts.
- 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.
- £1.536m adverse - Increase in Other costs. This is mainly due to the following:
  - £0.871m of Council Tax costs that have been unpaid for a significant amount of time. The dispute arose due to inaccuracies in the information held by the Revenue Team for multiple properties including tenanted, demolished, and sold ones. To resolve the debt situation in Revenue, HRA will pay the amount owed and continue to work towards obtaining refunds once each matter is dealt with.
  - £0.665 of additional Gas and electricity costs forecast for this financial year, due to increased market costs for gas & electricity.
- £0.108m adverse- Underachievement on recharge to General fund for the use of HRA Units designated for regeneration

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.
- High levels of disrepair claims and associated legal costs.
- Fuel/ Vehicle costs – insurance and fuel costs are continuing to rise.
- Impact of proactive approach to assisting with Damp and Mould issues across the estate

Table 5: HRA Forecast Outturn position

HRA - Revenue	***22/23 Outturn***	**2023/24 Budget**	**Month 6 Actuals**	**Month 6 Forecast Outturn after reserves**	**Month 6 Variance after reserves**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Dwelling Rent	(52,578)	(51,734)	(27,884)	(55,510)	(3,776)
Non-Dwelling Rent	(1,069)	(1,021)	(481)	(1,020)	0
Service & Other Charges	(6,628)	(7,491)	(5,958)	(8,910)	(1,419)
Other Income	(317)	(227)	(0)	(119)	108
Housing Management	20,624	21,763	14,391	21,763	-
Other Costs	1,647	804	(2,056)	2,339	1,536
Internal recharges	3,082	2,776	10	2,776	-
Repairs & Maintenance - Mgt Fee	9,743	9,540	5,565	9,540	-
Repairs & Maint - Non Core	0	-	-	(1,191)	(1,191)
Provision for Bad Debt	942	1,185	-	1,185	-
Regeneration	688	-	(94)	0	0
Debt Management Expenses	11,520	11,568	-	14,606	3,038
Interest on Balances	(2,434)	(62)	(2)	(1,600)	(1,538)
HRA Controllable (Surplus)/Deficit	***(14,782)***	***(12,897)***	***(16,509)***	***(16,140)***	***(3,243)***
Depreciation	12,683	12,703	-	12,703	-
RCCO	1,998	-	-	3,243	3,243
HRA Capital Charges	***14,681***	***12,703***	***-***	***15,946***	***3,243***
HRA (Surplus)/Deficit	***(100)***	***(194)***	***(16,509)***	***(194)***	***-***

3.3 The projected HRA reserve is £4.314m, 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	(4,120)	(16,140)	15,946		(4,314)
Major Repairs Reserve	(2,000)		(15,946)	15,946	(2,000)
HRA Reserves	**(6,020)**	**(16,140)**	**-**	**15,946**	***(6,314)***

Dedicated Schools Grant (DSG)

3.4 At M6, 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 £0.539m. 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 £0.076m is forecast to be drawn down from Public Health Reserve to cover other one-off items in Public Health cost centres funded from General Fund.

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	19.454	0.539	(0.539)	0.000
Total	**18.915**	**19.454**	**0.539**	**(0.539)**	**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 £0.615m leaving the reserve with a balance of £0.987m.

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	(0.615)	0.987

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 £2.932m.

3.13 Parking contravention trends remain volatile with on-street enforcement reporting increased levels of issuance during this period but conversely, moving traffic contraventions and bus lane PCN recovery rates have reduced slightly, there has been an improvement across other parking work streams. It appears the increased prevalence of working from home, flexible working arrangements and ongoing cost of living issue continue to have an impact on travel and parking patterns.

3.14 A fundamental review of the council's CPZ programme has now concluded, and capital bid submitted was approved by the Capital Strategy Board. The revised programme will be delivered over four years.

Table 11: Special Parking Account Forecast Outturn

SPA Accounts	2023-24 Budget	Estimated 2023-24 Outturn	
	£m	£m	£m
Income	**Budgeted SPA Account**	**M6 Forecast Outturn**	**M6 Variance**
Penalty Charge Notices	(13.727)	(10.873)	2.854
Residents Permits	(3.232)	(3.696)	(0.464)
Pay & Display	(3.725)	(3.881)	(0.156)
CCTV Bus lanes	(1.110)	(0.910)	0.200
Total Income	**(21.794)**	**(19.360)**	**2.434**
Operating Expenditure (running costs)	**8.261**	**8.759**	**0.498**
Net Operating Surplus	(13.533)	(10.601)	2.932
Appropriation to General Fund	**(13.533)**	**(10.601)**	**2.932**

4 Capital Programme

Capital Programme 2023-2028

4.0 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.

Forecast Outturn

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

Table 12: Summary of Proposed Capital Programme after changes

Cabinet	2023-24	2024-25	2025-26	2026-27	2027-28	Total
	£m	£m	£m	£m	£m	£m
Adults and Social Care	5.570	3.762	0	0	0	9.332
Homes and Regeneration (Brent Cross)	52.708	25.643	7.909	0	0	86.260
Family Friendly Barnet	9.759	16.080	50431	5.821	0	37.092
Culture, Leisure, Arts and Sports	1.728	0.499	0	0	0	2.227
Environment and Climate Change	50.701	35.250	13.742	0.745	0.837	101.275
Homes and Regeneration	108.226	83.705	53.472	4.556	1.072	251.030
Resources and Effective Council	17.383	13.954	0.510	0.310	0	32.157
Total - General Fund	**246.075**	**178.893**	**81.064**	**11.432**	**1.909**	**519.372**
Housing Revenue Account	174.485	80.860	65.092	40.269	13.908	374.615
Total - All Services	**420.559**	**259.752**	**146.156**	**51.701**	**15.818**	**893.987**

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

Slippage/Acceleration

4.3 The net slippage/acceleration reported at month 6 was £48.852m with £56.480m spend being slipped out of the 2023/24 financial year into future periods and £7.628m accelerated into 2023/24.

Table 13 Revised Capital Programme

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	**387.508**	**217.023**	**134.535**	**68.811**	**1.072**	**808.949**
Slippage/Acceleration	(48.852)	41.959	10.838	(17.853)	13.908	(0)
Additions	93.839	1.487	0.782	0.745	0.837	9.,690
Deletions	(11.937)	(0.716)	0	0	0	(12.653)
Reported Capital Budget - September 2023 Revised Programme	**420.558**	**259.753**	**146.155**	**51.702**	**15.817**	**893.987**

4.4 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.

4.5 The breakdown of net slippage and acceleration by Cabinet is shown below:

Table 14: Summary of Net Slippage

Cabinet	Net Slippage	Net Acceleration	Net Slippage/Acceleration
	£m	£m	£m
Adults and Social Care	(3.405)	0	(3.405)
Culture, Leisure, Arts and Sports	0	0.019	0.019
Environment and Climate Change	(6.969)	0.057	(6.911)
Family Friendly Barnet	(2.632)	0.040	(2.592)
Homes and Regeneration	(13.788)	0.030	(13.758)
Homes and Regeneration (Brent Cross)	(2.219)	0.122	(2.097)
Resources and Effective Council	(8.143)	0	(8.143)
Total - General Fund	**(37.155)**	**0.269**	**(36.886)**
Housing Revenue Account	(19.325)	7.359	(11.965)
Total - All Services	**(56.480)**	**7.628**	**(48.852)**

Additions

4.6 Local Implementation Plan 2016/17 and onwards (£0.220m) bringing funding level in line with what has been agreed and additional Bus Priority funding.

4.7 Critical Infrastructure (£0.027m) agreed contributions from BXS Limited Partnership (JVLP) towards footway improvements.

4.8 Active Route - the Barnet Loop SCIL (£0.190m) agreed additional TFL contributions to support delivering key cycle routes.

4.9 Highway Asset Management/Network Recovery Plan (NRP) Phase 2 (£0.200m) agreed additional TFL contributions to support improving the boroughs roads network.

4.10 SEN Other Projects (£0.531m) additional grant funding for school improvements

4.11 Modernisation - Primary & Secondary (£3.473m) grant awarded for the modernisation of primary and secondary schools.

4.12 Development Portfolio (£0.575m) grant awarded which will enable works to Avon Crescent

4.13 HRA Colindale Gardens (£75.000m) this addition to the programme was agreed at June cabinet. This funding will lead to the acquisition of properties within Colindale Gardens and let at social rent.

4.14 Disabled Facilities Programme (£0.252m) additional grant funding received.

4.15 Trojan Phase 2 EV Project (£7.090m) contributions for electric vehicle charging points in residential streets.

4.16 Jolt Town Centre EV Project (£3.500m) contributions for electric vehicle charging points in town centres.

4.17 Controlled Parking Zones (CPZs) (£5.055m) to implement the updated Controlled Parking Zone (CPZ) programme for the period 2023 to 2028.

Deletions

4.18 Modular Homes (£5.953m) due to changes in the previously agreed programme, a new bid will be submitted at a future cabinet for approval.

4.19 Public Sector Decarbonisation Scheme 3 (PSDS3) to Towards Net Zero (£6.700m) as the amount of loan intended to borrow from MEEF has now reduced.

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

Table 15 Financing of the Proposed Capital Programme

Cabinet	Grants	S106	Capital Receipts	RCCO/ MRA	CIL	Borrowing (MEEF*)	Borrowing (PWLB)	Total
Adults and Social Care	6.718	0	0	0	2.471	0	0.143	9.332
Homes and Regeneration (Brent Cross)	59.236	0	17.517	1.011	0	0	8.496	86.261
Family Friendly Barnet	32.505	1.657	0.116	0	0.268	0	2.547	37.092
Culture, Leisure, Arts and Sports	0.439	0	0.038	0	1.745	0	0.005	2.227
Environment and Climate Change	15.979	7.283	0.382	0	38.592	0	39.039	101.274
Homes and Regeneration	47.802	6.078	8.545	0	35.981	1.700	150.923	251.030
Resources and Effective Council	0.001	0.045	0.054	0	0	0	32.056	32.157
Total - General Fund	**162.681**	**15.063**	**26.651**	**1.011**	**79.057**	**1.700**	**233.208**	**519.372**
Housing Revenue Account	21.869	2.900	32.490	38.930	0	0	278.424	374.615
Total - All Services	**184.550**	**17.963**	**59.141**	**39.942**	**79.057**	**1.700**	**511.633**	**893.987**

Borrowing

4.21 £512m 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.

4.22 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).

4.23 Included in the total Capital programme, is £1.7m 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

4.24 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.

4.25 £59.1m of the above capital programme is planned to be funded by capital receipts. Of the £59.1m, £32.5m will be funded from HRA capital receipt (RTB Receipts) and £26.6m from General Fund Receipts.

4.26 Current receipts are standing at £47.940m with £38.648m being HRA receipts and the remaining £9.293m General Fund receipts. The current disposal programme estimates General Fund disposals of £1.070m in 23/24 and £15.825m in 24/25.

4.27 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.

4.28 £32.5m HRA expenditure will be funded from Capital receipts from Right to Buy sales.

4.29 HRA funding will also finance Open Door New Build Housing (£7.24m of which £2.67m is expected to be funded from capital receipts), 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

4.30 The current capital programme shows £184.550m will be funded from Capital Grants. S106 and CIL are standing at £17.963m and £79.057m, respectively.

4.31 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).

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

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

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

Capital Virements

4.35 Cabinet approval is required for all capital budget and funding virements and yearly profile changes (slippage or accelerated spend) between approved capital programmes i.e., as per the budget book. The report must show the proposed: I. Budget transfers between projects and by year; II. Funding transfers between projects and by year; and III. A summary based on a template approved by the Chief Finance Officer.

4.36 Cabinet approval is required for all capital additions to the capital programme. Cabinet may only approve additions up to £50m additions above this should be approved by Council. All Capital additions are reviewed by senior officers prior to being recommended for approval to Cabinet. Capital additions should also be included in the quarterly budget monitoring report to Cabinet for noting.

4.37 Funding substitutions in order to maximise funding are the responsibility of the Chief Finance Officer

5 Revenues and debt

<u>Collection Fund – Council Tax</u>

5.0 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.

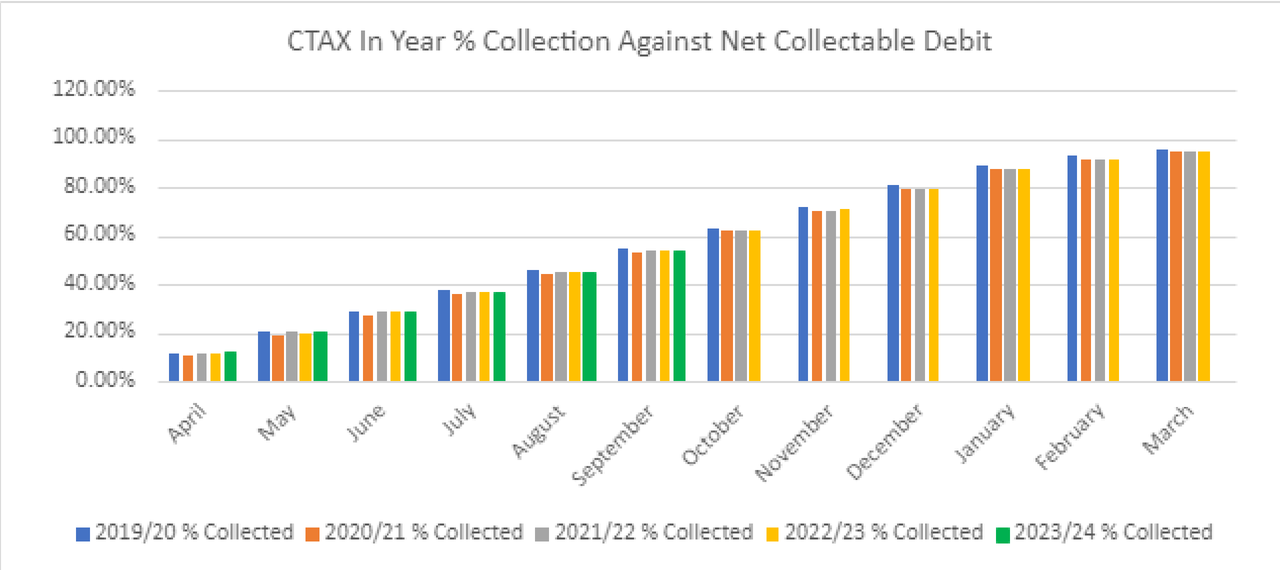
5.1 The collection rate in September 2023 is53.59%, this is 0.02% lower than September 2022, 0.02% higher than September 2021, 0.29% higher than June 2020 and 0.93% lower than June 2019 (pre-pandemic).

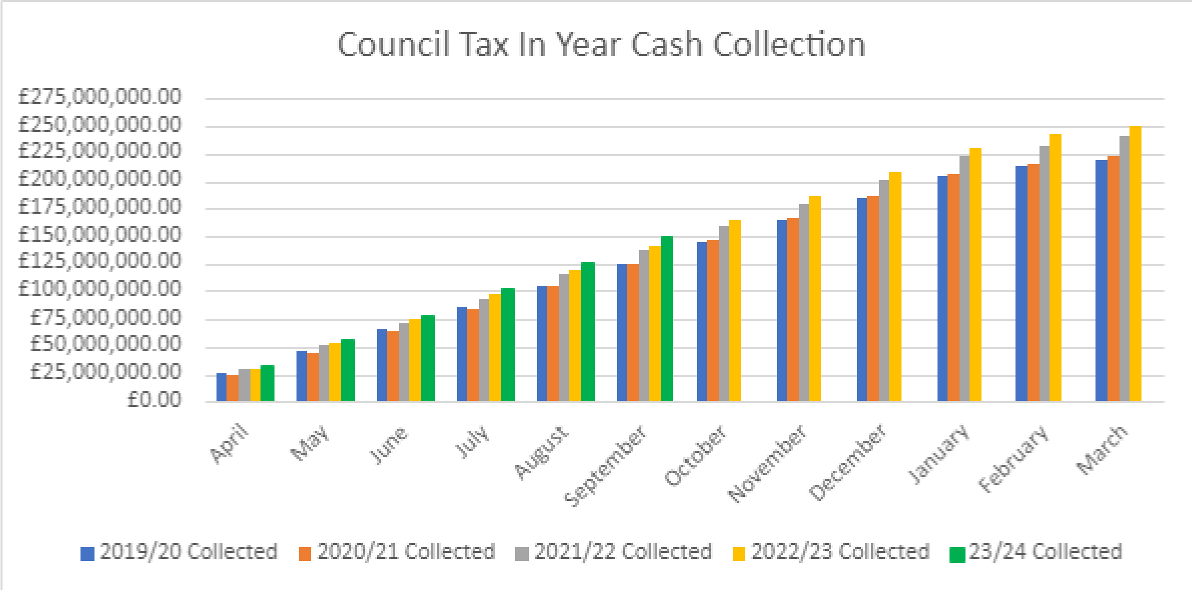
5.2 In cash terms, September 2023 collection levels are £8.336m higher than September 2022, £13.450m higher than 2021, £24.615m higher than 2020 and £25.625 higher than 2019 (pre - pandemic) – this is due in part to annual increases in both the council tax base and the household charge over budget cycles.

5.3 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.

5.4 Council Tax Support expenditure forecast for September is £0.144m below budget.

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





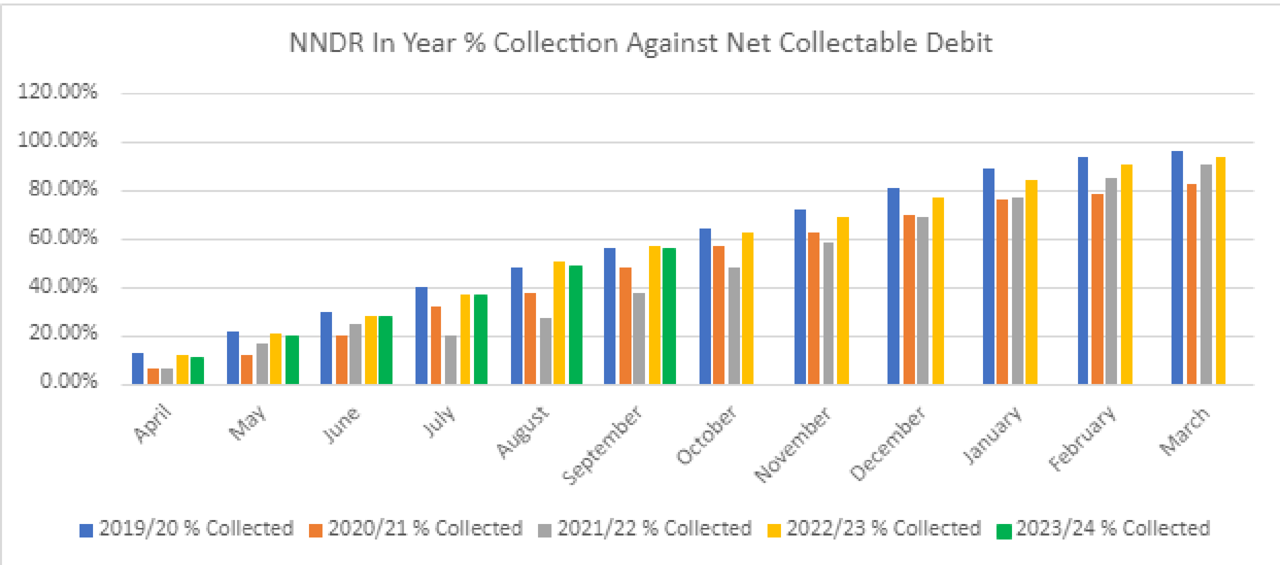
Collection Fund – Business Rates

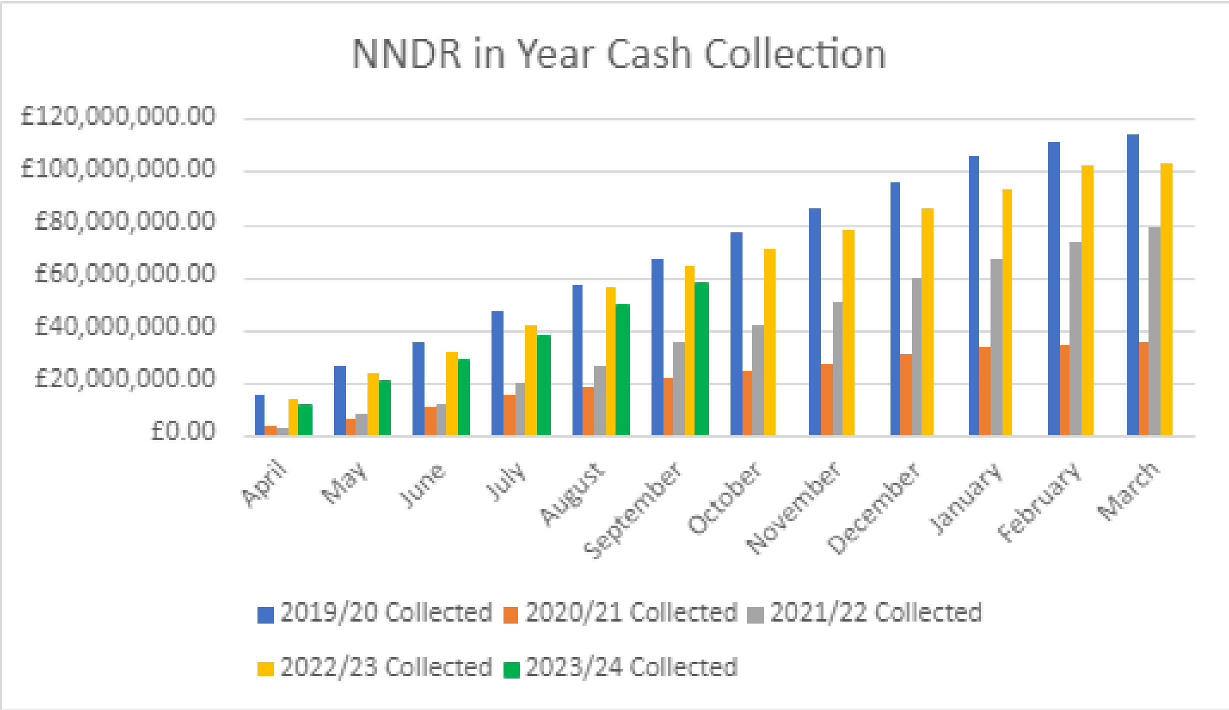
5.6 The Business Rates collection rate in September 2023 is 56.14%, a decrease of 0.64% compared to 2022, 18.47% increase compared to 2021, 8.18% increase compared to 2020 and 0.17% higher than 2019.

5.7 In cash terms, the current collection level is £6.313m lower than September 2022, £22.367m higher than 2021, £36.208m higher than 2020 and £9.222m lower than 2019.

5.8 The cash collection is impacted by the Net Collectible debit (NCD) in each year. In September 2023, the NCD is £9.968m lower than 2022 which is why we have seen a reduction in cash collected between these years.

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





<u>Emergency Financial Support for Residents</u>

5.10 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 September 2023 are £0.664m 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 September 2023 are £0.205m and we are currently forecasting an annual spend of £0.410m.

- RSF awards as at the end of September 2023 are £0.312m and we are currently forecasting an annual spend of £0.625m

<u>Court Costs</u>

5.11 September 2023 court costs awarded are £1.248m which is 21.1% lower than September 2022.

5.12 Court costs collected as at end of September 2023 are £0.586m which is 20.5% lower than June 2022

5.13 The current budgeted income forecast is not expected to be impacted by the reduction in costs awarded in quarter 2 of this year against last.

<u>Housing Benefit Overpayments (HBOP)</u>

5.14 Housing Benefit Overpayment Collection at the end of September 2023 is £1.178m. This is 0.11% higher than September 2022.

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

<u>Sundry Debt</u>

5.16 Between August 2023 and September 2023 overall debtors increased by £0.430m. It should be noted that this information is a snapshot as at that date and the overall position varies.

Table 16: Aged Debt Analysis as at 30 September 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 6	2.412	1.922	1.082	0.514	28.314	34.244
Month 5	1.860	1.643	1.071	0.200	28.487	33.261
Movement	**0.552**	**0.279**	**0.011**	**0.314**	**-0.173**	**0.983**

5.17 The table below gives detail of the top ten individual debts by debtor, totalling £19.237m.

Table 17: Top Ten Debtors 30 September 2023

Top Ten Debtors 30 June 2023						
Debtor	**Total Debt £m**	**Not Overdue £m**	**Up to 30 days £m**	**30 - 60 days £m**	**60 - 90 days £m**	**Over 90 days £m**
NHS NORTH CENTRAL LONDON ICB	16.129	0	0.030	0.082	0	16.017
THE FREMANTLE TRUST	1.357	0	0	0	0	1.357
Barratt Metropolitan LLP	0.584	0	0.571	0	0	0.013
MIDDLESEX UNIVERSITY	0.362	0.319	0.051	0	0.002	(0.010)
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
Capita Business Services Ltd	0.141	0.001	0.094	0	0.046	0
COMMUNITY FOCUS INCLUSIVE ARTS	0.113	0	0	0	0.006	0.107
Pod Point Limited	0.111	0	0	0.111	0	0
MEADOWSIDE RES. CARE HOME	0.095	0	0	0	0	0.095
Total	**19.237**	**0.320**	**0.745**	**0.194**	**0.054**	**17.923**

5.18 There is a significant class of debt relating to Adult Social Care client contributions. At the end of September 23, the level of total debt related to individuals who receive adult social care services was £12.632m, of which £6.91m is greater than 1 year old, although £2.7m 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 £1.4m so far in 23/24 as well as securing £0.4m worth of DPA debt against individual properties.

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

5.20 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.

5.21 Barratt Metropolitan LLP Outstanding invoice not being paid due to lack of PO. Resolution being sought with service area.

5.22 Middlesex University £197k remit received.

5.23 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.

5.24 Capita Property Services debt relates to lack of PO. Resolution being sought with service area.

5.25 Community Focus Inclusive Arts service area seeking resolution.

5.26 Pod Point Ltd payment has now been made.

6 Treasury & Liquidity

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

6.1 At the end of September 2023, the council held £105.9m in short-term investments with an interest rate spread from 4.70% to 5.80%, averaging 5.30% yield. £45.9m is invested in same-day money market funds (MMF) with the balance of £60m in fixed term deposits with maturity dates of less than 1 year.

6.2 The above spread of investments is in line with the market offering higher yields on longer-term deposits and the organisation being sufficiently liquid at the time of placing the fixed term deposits, however the council's expenditure has been higher than expected through the year to date, so the treasury team has been active as a borrower in the short-term inter-local authority market to help manage its cashflow.

6.3 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.

6.4 Since 1 April 2023, the council has borrowed £60m as annuity loans 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.

6.5 The council is monitoring progression of its capital programme and interest rates as there is a need to increase its external borrowing to finance capital projects scheduled to be progressed this year. Consideration is being given to both current and forecasted gilt yields, as these dictate the current cost of borrowing and the refinancing costs respectively, to optimise the 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. Where rates are expected to fall, it may make sense to borrow over shorter time horizons while rates are high and then refinance after rates have eased off.

6.6 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.

6.7 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.

6.8 The council is also exploring taking borrowing through the Mayor of London Energy Efficiency Fund (MEEF). Borrowing terms through MEEF are significantly more favourable than borrowing via PWLB. The use of MEEF funds needs to be earmarked to projects that demonstrably reduce emissions / improve energy efficiency.

6.9 The treasury team has projected forward its cost centre (broadly Interest payable less investment income receivable plus other expenses (bank charges / fees) to 2030. This analysis suggests that, based on the current capital programme, expenditure on the treasury cost centre may increase substantially which would create additional pressures on the council (to the extent these costs are not budgeted for or offset through other savings in services). This analysis has been shared with the team pulling together the MTFS.

6.10 The treasury team has also raised awareness that use of historical reserves (including capital receipts and grants unapplied) will likely increase our external borrowing need as reserves are generally backed by "internal borrowing", used to finance historical capital expenditure, rather than cash. This means that when reserves are utilised the internal borrowing needs to be converted to external borrowing. There is a financing implication of this that may create further pressures. The treasury team is building use of reserves into its long-term and current year forecasts.

6.11 As cash balances reduce, day-to-day liquidity needs to be more actively managed. Over August, the council experienced net cash out-go of £36m. This necessitated the council borrowing £20m from other Local Authorities on a short-term basis. The council has further borrowed £40m during October to manage liquidity and is likely to need to borrow significantly before the year-end to reflect capital expenditure and use of reserves mentioned in 7.11.

7 Post Decision Implementation

7.0 None

8 Corporate Priorities, Performance and Other Considerations

Corporate Plan

8.0 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

8.1 None in the context of this report

Sustainability

8.2 None in the context of this report

Corporate Parenting

8.3 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

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

Insight

8.5 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

8.6 No application to this report

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

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

10 Legal and Constitutional References

10.0 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.

10.1 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.

10.2 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;

10.3 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

11 Consulting and Engagement

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

12 Equalities and Diversity

12.0 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:

12.1 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.

12.2 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.

12.3 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.

12.4 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.

12.5 Tackle prejudices and promote understanding.

12.6 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

12.7 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.

12.8 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

13 Background Papers

13.0 None