



Cabinet

Title	Business Planning 2024-2030
Date of meeting	6 th February 2024
Report of	Councillor Barry Rawlings, Leader of the Council and Cabinet Member for Resources & Effective Council
Wards	All
Status	Public
Key	Key
Urgent	No
Appendices	<p>Appendix A – Medium Term Financial Strategy (MTFS)</p> <p>Appendix B – 2024/25 Council Tax Resolution</p> <p>Appendix C – Detailed Revenue Budgets, Savings and Income Generation, Pressures and Council Tax Summary</p> <p>Appendix D – Breakdown of service pressures</p> <p>Appendix E – Summary of Savings & Income generation Proposals</p> <p>Appendix F – Fees and Charges</p> <p>Appendix G – Final Budget Consultation Report</p> <p>Appendix H – Cumulative Equalities Impact Analysis – <i>To follow</i></p> <p>Appendix I1 – Capital Strategy</p> <p>Appendix I2 – Proposed Capital Programme</p> <p>Appendix J – Treasury Management Strategy Statement (TMSS)</p> <p>Appendix K – Housing Revenue Account Business Plan</p> <p>Appendix L – Reserves & Balances Policy</p> <p>Appendix M – Debt Management Policy</p> <p>Appendix N - Green Waste Charges proposals (subject to consultation and EQIA)</p>
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Summary

This report sets out the proposed budget for 2024/25 and the council's Medium Term Financial Strategy (MTFS) which include the assumptions for 2024-30 with regards to council tax, other funding, expenditure forecasts and the savings and income generation plans necessary to set a balanced budget. This helps to ensure resources are aligned to the strategic outcomes set out in Our Plan for Barnet.

The revised MTFS for 2024-30 reports a total savings requirement of £87.428m with savings identified of £69.743m, leaving a savings gap of £17.685m to be identified. The proposed MTFS includes a contribution to reserves of £2m from 2025/26 onwards in order to build up financial resilience thereby increasing the gap to 2029/30 to £19.685m.

Consultation on the budget and the contents of the December 2023 Cabinet paper took place between 21 December 2023 and 21 January 2024. Results from the consultation have been fed back to lead officers within the council and are provided to Cabinet to inform decision making.

The revised Capital Programme, Treasury Management Strategy Statement s25(TMSS), and other appendices linked to budget setting are included with this report for approval.

This report recommends the 2024/25 budget to Full Council for approval and it is a legal requirement for a balanced budget to be set. These proposals have been consulted on, and if approved by Cabinet will be referred on to Council so that Council can approve the budget envelope and set the Council Tax.

Recommendations

That Cabinet:

In respect of the Budget and Council Tax for 2024/25 and the MTFS 2024-30 taking into account the equality impact assessment and consultation findings:

1. Recommends to Council for approval the MTFS, attached as Appendix A, and the detailed revenue budgets in Appendix C, including the proposed savings and funding for pressures in 2024/25;
2. Recommends to Council for approval that the budget 2024/25 is prepared on the basis of a 2.98% increase for the general element of Council Tax in 2024/25 as discussed in paragraph 3.14 to 3.21;
3. Recommends to Council for approval that the budget for 2024/25 is prepared on the basis of an increase of 2% for the Social Care Precept, to help fund social care as detailed in paragraph 3.14 to 3.21;
4. Recommends to Council for the approval the resolutions relating to Council Tax contained within Appendix B;
5. Notes a change in legislation relating to council tax premiums chargeable on unoccupied dwellings as set out in para 3.22-3.25.
6. Recommend to Council for the approval of application of the Council Tax Premiums (under Section 11C of the Local Government Finance Act 1992) with effect 1st of April 2025 (as set out in para 3.24).
7. Recommend to Full Council to agree not to amend the Barnet Council Tax Support Scheme as set out in para 3.26.

8. Recommends to Council for approval, on the advice of the Chief Finance Officer, that it determines that the council's basic amount of Council Tax for 2024/25 as set out in Council Tax resolution Appendix B, 2(iv) is not excessive in accordance with the principles approved under section 52ZB and 52ZC of the Local Government Finance Act 1992, set out in the Referendums relating to Council Tax increases (Principles)(England) Report 2024/25;
9. Recommends to Council that in accordance with Section 38(2) of the Local Government Finance Act 1992 the Chief Executive be instructed to place a notice in the local press of the amounts set under recommendation 9 above within a period of 21 days following the Council's decision; and
10. Approve delegation of any further allocations from the transformation reserve to the Leader of the Council as set out in Section 4.
11. Approves consultation on an increased Garden Waste fee as set out in paragraph 1.6 to 1.8 and delegate to the Cabinet Member for Environment & Climate Change in consultation with the Chief Officer for Customer & Place to consider the consultation responses and equality impact assessment and make a decision regarding the fee.

In respect of Capital Strategy and the proposed capital programme:

12. Recommend to Council the approval of the Capital Strategy as set out in Appendix I1; and
13. Recommend to Council for approval the Capital Programme as set out in Appendix I2 and set out in Section 7;

In respect of the Treasury Management Strategy Statement (TMSS):

14. Recommend to Council the approval of the TMSS for 2024/25 as set out in Appendix J.

In respect of Housing Revenue Account (HRA) and Temporary Accommodation (TA):

15. Recommend to Council the approval of the HRA Business Plan (at Appendix K).

1 Reasons for the Recommendations

- 1.1 Business planning and strategic financial management enable the council to plan its future direction on the basis of the best strategic fit between the resources available to meet stakeholder needs and expectations, the priorities of the Administration, and the environmental conditions which prevail.
- 1.2 The council is legally obliged to set a balanced budget each year, which must balance service expenditure against available resources. It is also a key element of effective financial management for the council to put together a financial forward plan to ensure that it is well placed to meet future challenges, particularly in the context of reductions to local authority funding, increasing market pressures, demographic increases and legislative changes.
- 1.3 The MTFS sets out the estimated overall financial position of the council over a period of time. This report gives an overview of the work undertaken towards a balanced budget for 2024/25 and to reduce the gap savings requirement for 2025/26 to 2029/30. This ensures that Councillors and the public are informed of this work, supporting good governance.
- 1.4 This report also sets out further options that are being explored to address the remaining budget gap to 2029/30.

- 1.5 An overview of the process and progress to date was presented to Overview and Scrutiny (O&S) Committee on 21 November 2023.
- 1.6 Environment Committee approved the introduction of an annual garden waste collection charges of £70 from April 2020 at its meeting of 20 January 2020. The charges for this service have remained static since its launch in May 2020. Council resolved at its meeting of 01 November 2022 to not raise the price of the service for the remainder of the municipal term. Circumstances have changed since this resolution was made and an increase of £27 is proposed to the existing £70 charge to account for inflationary pressures and other budgetary impacts since service inception such as increased overheads e.g., fuel, staffing and garden waste processing costs and to support service delivery more widely. Benchmarking data indicates that raising this charge will also bring Barnet in line with other like London Boroughs e.g., London Borough of Enfield £100 and London Borough of Ealing £90.40 per annum.
- 1.7 A new discounted garden waste charge is proposed for those residents who currently receive Council Tax support. A discounted charge of £70 per annum is suggested for those in receipt of this benefit type. It is intended that the current arrangements for a lower charge being available at the half year point of the service will be retained. The MTFS recommended to this Cabinet assumes £1m income will be generated from these increased charges. The increased charges will be consulted on and presented to a later Cabinet for approval. Details of the proposed increases are shown in Appendix N.
- 1.8 The Council is allowed under the Controlled Waste Regulations 2012 to charge a reasonable fee for the collection of garden waste. The provision of a garden waste collection service is consistent with Barnet's Reduction and Recycling Plan and its sustainability and net zero commitments. Any surplus arising from the application of this charge will be invested back into environmental functions and service delivery more generally. Decisions of this nature are delegated to Cabinet under the governance model implemented in May 2023.
- 1.9 The revisions to the capital programme discussed in this report ensure that the council's financial planning accurately reflects what is happening with scheme delivery. This ensures that the council can make effective decisions on the deployment of its scarce resources.

2 Business Planning for the years 2024-2030

The National Landscape

- 2.1 On 20 October 2023, the Local Government Association (LGA) warned that local government councils in England face a widening gap in their finances that threatens cuts to services in towns and cities as inflation worsens an existing shortfall in funding.
- 2.2 It warned that England's local councils collectively are £4billion short of what they need to maintain services at current levels over the next two years. The estimated gap has risen by a third from £3billion in July 2023 due to updated national inflation forecasts.
- 2.3 It further highlighted that councils have seen a 27% real terms cut in core spending power since 2010, when the Government began an austerity drive following the global financial crisis.
- 2.4 The sharp spike in inflation and energy prices is an unprecedented crisis and councils now face continuing increases in the demand for services just as the price of providing them is also escalating dramatically. This risks hampering the council's efforts to help level up communities and support residents through the cost-of-living crisis.

- 2.5 The LGA report called on the Government to ensure councils have the resources they need to meet these unprecedented costs and protect the services that are helping communities recover from the pandemic and residents cope through the cost-of-living crisis.
- 2.6 It further highlighted that only with adequate long term funding – to cover increased cost pressures and invest in local services – and the right powers, can councils deliver for our communities, tackle the climate emergency, and level up all parts of the country.

The London Picture

- 2.7 The many recent warnings of financial pressure by authorities across the sector shows local government is undergoing a period of extreme financial stress. This is particularly acute in London with the growing homelessness crisis, and significant overspends caused by increases in demand and high-cost statutory services in adult and children’s social care.
- 2.8 Nine in ten boroughs expect to overspend on budgets in 2023/24 by over £600m in total. Nearly a quarter forecast overspends of over £20m and savings of almost £2bn are required over the next four years to balance the books. Outer London boroughs – as the lowest funded per capita in the country – face particularly tough choices going forward.
- 2.9 To highlight the serious financial challenges currently facing London local government, London Councils have, on behalf of all 32 London Boroughs and the City of London, made representations to the Government ahead of the Autumn Statement on 22 November 2023.
- 2.10 Their submission was set out in three sections:
- A. The first section set out the scale of the financial challenge facing London local government and the services facing the most acute financial pressure, namely: housing; adult social care; children’s services; and pressures driven by London’s higher level of asylum seekers and refugees;
 - B. The second section outlined the need to invest in London local government to protect the economy and deliver sustainable growth; and
 - C. The final section considered what the Government should do to reform local government funding to deliver more efficient and effective local public services in a tight fiscal environment.
- 2.11 Their submission highlighted that pressure on budgets in 2023-24 are worse than at any point since the height of austerity in 2016 with councils being much leaner and having less capacity to deal with the current period of sustained high inflation which is driving higher costs and more demand from residents struggling with the cost-of-living crisis.
- 2.12 In 2023/24, London boroughs’ overall resources remain around 18% lower than 2010-11 in real terms whilst over the same period, London’s population has grown by almost 800,000 increasing demand for services. London boroughs’ continue to see latent demand following the pandemic with persistent high inflation driving up prices for care.
- 2.13 New burdens and responsibilities that have been given to local government without requisite funding have also added to pressures including Council Tax Support schemes, underfunding for implementing the fair cost of care, and the shortfall in the costs of concessionary fares.
- 2.14 London Councils launched its key priorities for the Autumn Statement 2023, which included:

- An overall funding increase of at least 9% (in line with what was received in 2023/24).
- Investment to reduce homelessness, including through uplifting the Local Housing Allowance and Homelessness Prevention Grant.
- Reforms to the broken local government finance system, such as giving councils longer-term funding settlements and more devolved powers.

2.15 The full Representation made by London Councils can be found in the background papers to this report.

Autumn Statement

2.16 The Chancellor of the Exchequer delivered the 2023 Autumn Statement on 22nd November 2023 and gave the usual updates on the state of public finances and the performance of the economy. The Chancellor organised his policies into five key areas:

1. reducing debt;
2. cutting tax and rewarding hard work;
3. backing British business;
4. building domestic and sustainable energy; and
5. delivering world-class education.

Key Headlines:

2.17 Local Government Funding:

- At the Autumn Statement, no new funding was announced for local government for 2024-25 for adult or children's social care or any general local government funding, beyond what was announced last year.
- However, on the 24 January 2024, the Secretary of State for DLUHC announced an additional £500m for social care authorities, aimed at children's social care and distributed through the social care grant. Allocations for Barnet will not be known until the Final Local Government Settlement is published in February 2024 but an estimate of £3m (based on previous SC Grant allocations) has been included in the MTFs.

2.18 Housing and Homelessness:

- Local Housing Allowance rates will be raised to a level covering 30% of local market rents;
- Additional funding of £120m in 2024/25 was announced for homelessness prevention. This allocation is UK-wide and no details of individual allocations were announced;
- The Local Authority Housing Fund is to be extended with a third round worth £450m to deliver new housing units and temporary accommodation for Afghan refugees;
- For the Housing Revenue Account, there is a rate extension of £5m to June 2025 of the Public Works Loan Board policy margin announced in Spring 2023;
- Plans to allow local authorities to be able to fully recover the cost of planning fees for major planning applications if decisions are made within certain timelines were announced but no specific details given; and
- Local Planning Authorities are to receive £32m to tackle planning backlogs, again no details were given.

2.19 Impact on businesses:

- The standard business rate multiplier will increase by September CPI (6.7%) and the small business rate multiplier will be frozen for a fourth consecutive year; and
- The 75% Retail, Hospitality and Leisure relief will be extended for 2024-25;

Local authorities will be fully compensated for the loss of income because of these two measures and will receive new burdens funding for administrative and IT costs.

2.20 Local Government Pension Schemes (LGPS):

- Reforms to the LGPS, including confirmation of guidance that will implement a 10% allocation ambition for investments in private equity, and establish a March 2025 deadline for the accelerated consolidation of LGPS assets into pools.

2.21 National Living Wage and Benefits:

- From April 2024, the National Living Wage will increase by 9.8% to £11.44 an hour and lower the age threshold from 23 to 21 years old; and.
- The triple-lock for pensions will be “honoured in full” (an increase of 8.5%) and benefits will increase in line with the September CPI (6.7%).

Provisional Local Government Finance Settlement (PLGFS) 2023

2.22 Since December’s Cabinet meeting, the PLGFS has been published which provided detailed allocation per borough of grants for 2024/25 only. As far as possible, this is reflected in the MTFS, however some grant allocations are still not known. For example, the Public Health grant is paid to local authorities from the Department for Health and Social Care (DHSC) budget and is not announced until early March. The MTFS, assumes that the Public Health Grant will remain unchanged from 23/24 allocations. As the grant is ring-fenced, Public Health expenditure will be grossed up by any increase in the grant thereby having a net nil impact on the overall 23/24 budget.

2.23 The PLGFS announced an extra £1.2m in grants which have been built into the MTFS.

2.24 The announcement on 24th January 2024 announced an additional £3m in social care grant which has been built into the MTFS.

3 Medium Term Financial Strategy MTFS

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

3.2 In putting together the MTFS due regard has been given to the CIPFA Code of Financial Management (the ‘CIPFA FM Code’ published in 2019 and recommended for adoption by all councils from April 2021). This MTFS complies with the relevant sections of the FM code.

3.3 The organisational objectives in setting the MTFS are as follows:

- We will set a legal budget, balancing recurrent expenditure with estimated income within the medium term in order that the council has a sustainable financial position;
- We will plan over a medium term of at least 3 years in order that the council is fully informed as to future scenarios and can prepare appropriate action;
- A level of sustainable reserves will be maintained, this will be defined by the Section 151 officer during the budget setting process, considering prevailing risks and opportunities. For 2024, this has been identified as £15m for general fund balance and £40m for earmarked non-ringfenced revenue reserves;
- We will seek to build resilience to economic shocks and insulate from the requirement for sudden cuts to vital services;
- We will use reserves to invest in one-off investment or transformation requirements but not to the point of the organisation being in distress;

- We will ensure we have sufficient funding for on-going transformation and long term changes;
- We will provide a realistic amount of funding to support increasing demand, quickly addressing ongoing financial pressures with a permanent solution, reducing the instances where one off solutions are used;
- We will achieve the best possible outcomes within the funding available;
- We will ensure that budgets are aligned to Our Plan for Barnet and that we will actively disinvest where this is not the case;
- We will understand the implications of growth and ensure that both the reward and the increased costs to services are recognised, and;
- We will act lawfully and protect the integrity of regulations, ring fences and accounting rules.

3.4 In December 2023, Cabinet received a report identifying a base case forecast for expenditure and resources and presented a 2024/25 gap of £12.159m as below:

MTFS Summary	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Resources vs. Expenditure	£m	£m	£m	£m	£m	£m
Expenditure	431.494	463.789	493.445	523.010	552.848	582.978
Resources	(385.299)	(402.015)	(420.659)	(440.592)	(461.906)	(484.696)
Cumulative (Surplus)/Shortfall to Balanced Budget	46.195	61.774	72.786	82.418	90.942	98.283
In Year Budget Gap before Savings	46.195	27.738	31.614	38.408	39.938	39.712
Efficiencies and Income Generation options Proposed	(34.036)	(7.135)	(2.838)	(6.994)	(7.566)	(6.200)
(Surplus)/Shortfall to Balanced Budget	12.159	20.603	28.776	31.414	32.372	33.512

3.5 Since December 2023 Cabinet further work has been undertaken to address the budget gap for 2024/25 and the MTFS presented to this Cabinet shows a balanced position for 2024/25 with no use of reserves.

MTFS Summary	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Resources vs. Expenditure	£m	£m	£m	£m	£m	£m
Expenditure	428.227	460.057	491.982	521.547	551.385	581.515
Resources	(389.220)	(412.254)	(432.308)	(449.823)	(471.216)	(494.087)
Cumulative (Surplus)/Shortfall to Balanced Budget	39.008	47.803	59.674	71.724	80.168	87.428
In Year Budget Gap before Savings	39.008	8.795	13.530	22.742	24.192	23.885
Efficiencies and Income Generation options Proposed	(39.008)	(7.136)	(2.838)	(6.995)	(7.566)	(6.200)
(Surplus)/Shortfall to Balanced Budget	0.000	1.659	10.692	15.748	16.626	17.685
Contribution to/(from) reserves	0.000	2.000	2.000	2.000	2.000	2.000
(Surplus)/Shortfall after Reserves	0.000	3.659	12.692	17.748	18.626	19.685

Key assumptions

3.6 The key assumptions included in the MTFS are:

Item	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Business Rates Multiplier (CPI)	6.64%	3.00%	1.60%	1.60%	1.60%	1.60%
Council Tax Increase	2.98%	2.98%	2.98%	2.98%	2.98%	2.98%
Social Care Precept Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Increase in CTax Base (No of Band D Equivalents)	2,755	3,272	3,341	3,411	3,483	3,556
Revenue Support Grant (£m)	8.657	8.831	9.007	9.187	9.371	9.559

Expenditure Inflation	4.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Employee Pay Award	4.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Pressures

- 3.7 As part of the budget setting process, council services were consulted on the pressures that they expect to either carry forward or to emerge over the MTFS period. These include on-going un-funded 2023/24 pressures. £40.590m pressures have been built into the MTFS for 2024/25 and £50.146m across the MTFS. Further details are included in Appendix D.
- 3.8 Since 31 March 2022 there has been a seismic shift in the macro-economic environment with high inflation and high interest rates. This is twinned with latent demand from Covid, increases in demand for social care and reductions in income on parking. This is further exacerbated by the 2023/24 in year overspend which was forecast to be £26m at Month 6.
- 3.9 There are a number of national and local factors driving this position:
- Inflation: When the 2023/24 budget was set, the Bank of England, Office for National Statistics and other forecasting organisations were estimating inflation to be around 5-6% in 2023. Based on this intelligence the council budgeted for non-pay inflation to be just under 8%. The average non-pay inflation across contracts (including fuel, electricity and social care contracts factoring London Living Wage) was just under 10%;
 - Interest rates: while interest rates are slowly decreasing, the Bank of England base rate rose to 5.25% in August 2023, this means externalising internal borrowing at a time of decreasing cash reserves is expensive;
 - Contingency hotels: Barnet has 5 hotels in the borough being used by the Home Office to house approx. 1,600 asylum seekers. The Home Office's change in procedure for discontinuation of asylum support for those who have received a decision – from 28 / 21 days to 7 days and pursuing hotel maximisation through room sharing, means that more people on receiving their right to remain could become eligible for housing within the borough. Good quality, housing at Local Housing Allowance (LHA) rate is in low supply and therefore increases costs for the council. Also the Housing Benefit Subsidy is only claimable for temporary accommodation at 90% and landlords are charging rates over LHA rates;
 - Changes to tax benefits for landlords: The Government's changes to tax benefits to landlords and increasing mortgage rates has seen a number of them exit the market further reducing the supply of housing available;
 - Adult social care: assumptions were made around the increase in demand and actuals have exceeded this.
 - Discharges from hospitals – Since 2019 and the implementation of the national discharge to assess model, Barnet has consistently had a discharge rate a third higher than the London average, and currently has the highest number of individuals being discharged from hospital in London. 80% of all reablement and 60% of homecare is impacted by hospital discharge;
 - Independent Fostering Agencies (IFA): more IFA placements are needed for sibling groups and children with more complex behaviours. Delays within the court system have meant existing placements have had to be extended, compounding the issue;
 - Increase in solo provision placements: while exceptional in nature, these placements - for the safety of the child and / or others – are very high. Placements for six young person this year have resulted in an overspend of about £1.7m;
 - Special Parking Account: changes in parking and travel behaviours associated with cost of living crisis and increased prevalence of working from home has resulted in reduced parking income. This

year the deficit is estimated to be £3m, this is on top of funded deficits in the previous two years of similar amounts.

3.10 In addition to identified pressures, the MTFS allows for unforeseen pressures totalling £65.444m across the MTFS bringing the total non-inflationary pressures allowance to £115.590m.

Department	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
Assurance	495	0	0	0	0	0	495
Children and Family Services	7,427	639	869	0	0	0	8,935
Communities, Adults and Health	22,423	87	0	0	0	0	22,509
Customer & Place	5,867	2,503	3,192	659	412	69	12,702
Public Health	600	0	0	0	0	0	600
Strategy & Resources	3,778	420	438	240	29	0	4,905
Sub-total	40,590	3,649	4,499	899	441	69	50,146
Additional pressures	0	11,351	10,501	14,101	14,559	14,931	65,444
TOTAL	40,590	15,000	15,000	15,000	15,000	15,000	115,590

3.11 Allocations of the additional £65.444m provided for 2025-2030 will be assessed in future years dependant of service pressures and risks but indicative allocations are shown below:

Indicative allocations	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
Children and Family Services	1,361	1,131	2,000	2,000	2,000	8,492
Communities, Adults and Health	8,000	8,000	10,000	10,000	10,000	46,000
Customer & Place (Temporary Accommodation)	1,000	1,000	1,000	1,000	1,000	5,000
Other Pressures	990	370	1,101	1,559	1,932	5,952
TOTAL	11,351	10,501	14,101	14,559	14,931	65,444

Savings & income generation

3.12 To address the budget gap 2024-30, services have identified £39.008m savings in 2024/25 and £69.743m across the MTFS. Further details are given in Appendix E.

Department	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
Assurance	(577)	(50)	(50)	0	0	0	(677)
Children and Family Services	(3,416)	(453)	(835)	(725)	(725)	(725)	(6,879)
Communities, Adults and Health	(11,030)	(630)	(3,000)	(3,000)	(3,000)	(3,000)	(23,660)
Customer & Place	(10,397)	(4,752)	(4,934)	(3,250)	(3,822)	(2,459)	(29,614)
Public Health	(54)	(20)	(20)	(20)	(20)	(15)	(149)
Strategy & Resources	(7,535)	(830)	6,400	0	0	0	(1,965)
Cross-Council	(6,000)	(400)	(400)	0	0	0	(6,800)
Sub-total	(39,008)	(7,136)	(2,838)	(6,995)	(7,566)	(6,200)	(69,743)

3.13 A summary of savings by type is shown below:

Saving Category	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
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Cashable efficiency	(22,197)	(7,347)	(1,046)	(6,274)	(6,021)	(5,986)	(48,871)
Cost avoidance	(1,263)	(364)	(492)	(150)	0	0	(2,269)
Income generation	(4,560)	(2,276)	(1,100)	(300)	(1,321)	(199)	(9,756)
Other external funding	(5,756)	2,852	(201)	(271)	(224)	(15)	(3,614)
Other external funding (CIL)	(5,233)	0	0	0	0	0	(5,233)
TOTAL	(39,008)	(7,135)	(2,838)	(6,994)	(7,566)	(6,200)	(69,743)

Council Tax

3.14 The Council has the largest (billable) tax base in London, consistent with having the highest population of any London borough.

3.15 The budget for the overall level of council tax receipts is based on the expected number of bills raised and the amount of the charge. The number of bills raised is the assessed level of the council tax 'base'. Assessment of the council tax base has regard for:

- The total number of dwellings created from one year to the next;
- The number of dwellings which may be subject to council tax support; and
- The overall rate of collection (currently 98% over 4 years).

3.16 Taking those factors into account the historic tax base growth has been 1-2% per year. The budget for the current year (2023/24) assumed growth of 1.50%, with 1.80% assumed for 2024/25. This position is kept under review during the year and current results indicate that these forecasts will be achieved.

3.17 The council has the flexibility to raise council tax by up to 2.99% before a referendum and apply a social care precept of up to 2.00% to fund pressures in adult social care. The MTFs assumes a 2.98% general increase and a 2.00% increase in Social Care precept.

3.18 Calculating the Council Tax base is an important step towards setting the basic amount of Council Tax. The detailed Council Tax base schedule is included in Appendix C. The Chief Finance Officer, under delegated powers, has determined the 2024/25 Council Tax base to be 155,829 (Band D equivalents), the calculations are show in the following table:

	2023/24	2024/25
Band D Equivalents	Band D Equivalents	Band D Equivalents
Total Properties	182,427	184,280
Exemptions, disabled relief, discounts and premiums	(16,294)	(17,101)
Ministry of Defence Contributions	4	4
Council Tax Support Scheme Discount	(14,457)	(14,154)
Adjustments (projections):		
New properties	4,635	6,072
Exemptions (Students)	(119)	(91)
Non-collection @ 2.0%	(3,124)	(3,180)
Total Council Tax Base and Yield (£)	153,073	155,829

3.19 The provisional Greater London Authority (GLA) precept is £73,457,578 making the total estimated demand on the Collection Fund and Council Tax requirement £302,812,960.

Council Tax Requirement Summary	2023/24	2023/24	2024/25
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	Original	Current	Original
Total Service Expenditure	369,686,186	368,823,189	389,219,236
Contribution to / (from) Specific Reserves	0	0	0
Net Expenditure	369,686,186	368,823,189	389,219,236
Other Grants	(66,204,554)	(65,341,555)	(73,314,330)
Budget Requirement	303,481,632	303,481,632	315,904,906
Business Rates Retention	(57,278,212)	(57,278,212)	(52,850,593)
Business rates top-up	(22,132,016)	(22,132,016)	(22,513,759)
Business Rates 8 authority pool income	(1,700,000)	(1,700,000)	(2,028,000)
Business Rates Income	(81,110,228)	(81,110,228)	(77,392,352)
RSG	(7,758,994)	(7,758,994)	(8,657,442)
Barnet's Element of Council Tax Requirement	214,612,410	214,612,410	229,855,382
Greater London Authority – Precept	66,455,212	66,455,212	73,457,578
Total Council Tax Requirement	281,067,622	281,067,622	303,312,960

Barnet's Council Tax Requirement	£229,855,382
Greater London Authority	73,457,578
Total Requirement for Council Tax	£303,312,960

3.20 Should the proposed 2.98% increase in general council tax and the 2.00% increase in Social Care Precept be applied, the Council Tax for Barnet each category of dwelling will be:

Council Tax Band	Barnet (£)	GLA (£)	Total (£)
A	981.22	314.27	1,295.49
B	1,144.77	366.64	1,511.41
C	1,308.30	419.02	1,727.32
D	1,471.84	471.40	1,943.24
E	1,798.91	576.16	2,375.07
F	2,125.99	680.91	2,806.90
G	2,453.06	785.67	3,238.73
H	2,943.68	942.80	3,886.48

3.21 Components of the Band D Council Tax rate are shown below:

Components of Band D Council Tax Rate (£)	2023/24	2024/25
Mayor's Office for Policing and Crime	292.13	305.13
London Fire & Emergency Planning Authority and Mayor, Administration, Transport for London, Olympic Games and Boroughs' Collection Fund balances.	142.01	166.27
GLA Precept	434.14	471.40
London Borough of Barnet	1,402.02	1,471.84
Total Council Tax Rate (£) Band D Equivalent	1,836.16	1,943.24

Council Tax Premium

3.22 The Levelling-up and Regeneration Act 2023 has amended the Local Government Finance Act 1992 by amending section 11B and introducing section 11C.

- 3.23 Section 11B has been amended by reducing the period a council tax dwelling has to be unoccupied and substantially unfurnished from 2 years to 1 for a 100% premium to be charged. This means that from 1st April 2024 the 100% premium on these unoccupied dwellings will commence 1 year after they first became unoccupied and substantially unfurnished. It does not matter whether the unoccupied period starts prior to the 1st of April 2024, the 1 year clock will commence from the date it was unoccupied and substantially unfurnished. Barnet already apply this premium from the 2 year period so the change to 1 year requires no formal decision from council.
- 3.24 Section 11C has been introduced for dwellings where there is no resident, and the dwelling is substantially furnished. This addition to the 1992 Act requires billing authorities to have decided to apply this premium at least one year before the beginning of the financial year to which it relates. Cabinet is therefore asked to note that a recommendation will go to full council this financial year with for a determination be made to apply this premium with effect 1st of April 2025. The charging of a premium will be in line with any regulations made by the Secretary of State relating to classes of dwelling where the premium may not apply. The final scheme will be referred to Full Council for approval once the regulations are published.
- 3.25 The MTFS assumes an additional £0.5m Council Tax income will be generated for 24/25 as a result of the change in Section 11B detailed above.

Council Tax Support Scheme

- 3.26 A review of the Barnet Council Tax Support Scheme was undertaken and a recommendation not to amend will go to full council. If agreed the current scheme will continue into 2024/25, the cost of which is included within the council tax setting process.

Business Rate Pooling

- 3.27 The provisional LGFS approved the 8-authority London pool with City of London (as lead authority) and seven other London authorities, including Barnet. The group will act as a pool for 2024/25 only, in order that the levy that City of London and Tower Hamlets would normally pay to central Government can be retained.
- 3.28 The group of authorities have come together based on their geography (a condition of the pool is that they are neighbouring), the size of their business rates base and the low level of risk they would bring to the pool.
- 3.29 As with all business rates pool there is a risk that the pool could make a loss. However, this pool has been designed to be low risk. The basis of the distribution of the retained business rates are still being discussed but if successful, Barnet could seek to benefit from a one-off payment of £2.028m in 2024/25. The MTFS assumes that this benefit will be realised in 2024/25.

Community Infrastructure Levy (CIL) Funding

- 3.30 Under the regulations A charging authority must apply borough CIL to funding [the provision, improvement, replacement, operation or maintenance of] infrastructure to support the development of its area. Infrastructure” includes—
- a) roads and other transport facilities,
 - b) flood defences,
 - c) schools and other educational facilities,
 - d) medical facilities,
 - e) sporting and recreational facilities,
 - f) open spaces

3.31 Different rules apply to neighbourhood CIL.

3.32 The MTFS proposals assume £7.533m of eligible revenue funding will be paid for from CIL contributions thereby freeing up the equivalent amount of revenue to help balance the budget and deliver services.

3.33 CIL funding has been allocated only to expenditure that meets the requirement for CIL and has been allocated to ensure that there is sufficient CIL remaining over the MTFS period to meet existing commitments and Capital expenditure that is expected to be funded from CIL. There is the risk that CIL receipts for future years will fall short of those anticipated in the modelling but this will be reviewed as part of future years' MTFS.

Balancing the MTFS: 24/25 onwards

3.34 The table below shows the budget gap, while 2024/25 is balanced, there is still a gap in future years:

MTFS budget gap	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£'000	£'000	£'000	£'000	£'000	£'000
Cumulative Savings requirement	39.008	47.803	59.674	71.724	80.168	87.428
In year Savings requirement	39.008	8.795	13.530	22.742	24.192	23.885
Savings & income generation proposed	(39.008)	(7.136)	(2.838)	(6.995)	(7.566)	(6.200)
Remaining budget gap	0.000	1.659	10.692	15.748	16.626	17.685
Contribution to/(from) reserves	0.000	2.000	2.000	2.000	2.000	2.000
(Surplus)/Shortfall after Reserves	0.000	3.659	12.692	17.748	18.626	19.685

3.35 Given the uncertain future funding position for Local Government, the refreshed MTFS shown in section 3.5 makes indicative estimates of what funding could look like over the MTFS period. The main assumptions are:

- The flexibility to raise council tax by up to 3.00% will remain. The MTFS assumes General council tax increases of 2.98% each year from 2024/25 onwards;
- The flexibility to raise the Adult Social Care precept by 2.00% will remain. The MTFS assumes Adult Social Care increases of 2.00% each year from 2023/24 onwards;
- New Homes Bonus (NHB) no longer exists;
- Grant funding amounts specified in the Dec 22 LGFS, are assumed to remain unchanged; and
- For 25/26 onwards, the Revenue Support Grant, ASC Market Sustainability & Improvement Fund, Better Care Fund & Social Care Grant all increase by 2% p.a. All other Government grants will remain the same.

3.36 The future gap is challenging, particularly as there is uncertainty around funding reforms and how this will impact local government finances. Officers have begun to look at the MTFS process and options to balance future years. A review of proposals and future plans will be brought to Cabinet in the new financial year.

3.37 It is also important we have a long term plan to balance the whole medium term financial strategy as well as balance the 2024/25 position. There are a number of programmes and initiatives that will contribute to this, the most significant being:

- **Adults transformation** – demand for social care has been increasing significantly over recent years, driven particularly by discharges from hospital as well as significant increases in the number of supported living placements we provide for younger adults. There is a saving of £3m per annum from 2026 onwards which is predicated on reducing the pressure in the budget for adult social care, which is currently budgeted at £10m per annum. This will involve reducing

the costs of placements as well as increasing the numbers of older people and younger adults supported to live independently.

- **Digital transformation** – a saving of £3m in 2024/25 and £2m per annum after 2025 associated with increasing income and reducing costs as a result of better use of technology.
- **Asset utilisation, housing and development** – a programme of work to release surplus land and assets for development will target increasing income for future years.
- **Children’s placements** – a saving of £725k per annum is included in the MTFs associated with developing more in house fostering, semi-independent living and external placements to reduce the significantly increased costs associated with delivering these services in the current market.
- **Reviewing staffing and internal functions** – further work will take place throughout 2024 to identify opportunities to reduce costs or de-prioritise and re-focus our internal spend.

3.38 The transformation team will work with Members and services to provide capacity and support to ensure these initiatives are delivered. Savings associated with these programmes are already embedded into the MTFs and reduce future budget gaps significantly. However, there remains a gap for future years (as shown below) and any additional savings or income from these programmes will ensure services and priorities can be protected into the future.

3.39 In developing the MTFs for future years, there are a range of service specific issues and risks that have been considered including:

Adults and Health

3.40 There remain significant levels of uncertainty regarding future levels of demand across all settings for adult social care with upward increase in activity and costs associated homecare, supported living and nursing care. Overall activity and costs will continue to be monitored through the coming years, and these budget proposals are based on a reasonable assessment of likely levels of demand and costs.

3.41 2023/24 discharges from hospital are on track to exceed 2022/23 levels where statistics show that Barnet is now the 2nd highest in London (887/100k, London average: 687/100k). There are increasing numbers of people with learning disabilities being supported by adult social care, the majority of whom enter adult social care from Family Services and who have complex needs. Barnet now supports the highest number of people with learning disabilities of any London borough. These demand drivers are expected to continue to increase resulting in pressures on social care and staffing budgets.

3.42 Scarcity of care provider capacity, especially for those with complex needs, is also a driver for increased market rates. Care providers have also faced significant inflationary pressures due to the economic conditions and increased staffing costs due to increases in the national living wage. This is expected to continue into 2024/25, where as well as wider inflation, the national living wage will increase by 10% in April 2024, and hence providers are expected to face significant increases in operating costs. The service is working closely with the market and other north London councils to mitigate this impact.

3.43 The service is attempting to mitigate any further rises in costs 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
- Increased prevention services at the first point of entry to social care
- Higher levels of authorisation for all new and amended care & support plans, including post-discharge (from hospital) packages of care.

3.44 Communities, Adults and Health has continued to review and identify opportunities to support the delivery of a sustainable MTFS. Appendix E, proposals 'Adult Social Care 30, 31 and 32' are three opportunities recently identified following benchmarking of our fees and charges for Adult Social Care against that of other councils. The three proposals relate to: Reviewing options for the introduction of charging for assistive technology; Reviewing options to introduce an annual fee of £375 for acting as an appointee, to bring us into line with charges for deputyship; and reviewing charges for respite care. Our charge rates are currently lower than many other local authorities. Where a proposal requires a change to existing policies, consultation will be undertaken ahead of any introduction of charges. A separate report will be brought back to Cabinet once proposals have been developed further.

Customer and Place

3.45 Key areas of uncertainty include general fund housing services, particularly temporary accommodation and anticipated levels of demand as the impact on households experiencing financial constraints become clearer. These budget proposals include provision for future demand increases and resources to support families and households as necessary.

3.46 The macro-economic environment is to remain challenging for businesses and personal households as inflation risks continue. Increases in energy and utilities costs, may cause Temporary Accommodation (TA) demand to rise, if more households are evicted due to inability to pay rents and mortgages.

3.47 Across London, market forces are applying upwards pressure to the costs of TA, making it more difficult for the council to secure affordable, good quality housing. This includes the availability of properties in the private rented sector, and the increasing cost of nightly-paid, short term TA.

Children's and Family Services

3.48 Placement budgets continue to be under pressure 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.

3.49 There continues to be pressure in education services arising from demand for services for pupils with special educational needs and disabilities (SEND) and increasing numbers with education and health care plans (EHCP).

Strategy & Resources

3.50 In Revenues & Benefits service, there is risk around the potential shortfall of Housing Benefit Subsidy relating to temporary and short-term accommodation. The subsidy paid by DWP is capped at 90% of Local Housing Allowance rates and does not cover the full costs of placing residents in temporary and short-term accommodation.

3.51 There is also risk around capital financing arising from increased costs of borrowing. A review of the capital programme has been undertaken and the output of this has been fed into the Capital Programme as set out in this report.

Sustainability and Climate Change

3.52 We recognise that the council faces pressures on both revenue and capital budgets around achieving its sustainability targets of being a net zero council by 2030 and a net zero borough by 2042. To address

Capital - Community Infrastructure Levy	24,699	30,135	23,135	16,135	16,135	16,135	16,135	16,135
Revenue implications of capital	3,569	0	0	0	0	0	0	0
Total Capital Reserves	28,268	30,135	23,135	16,135	16,135	16,135	16,135	16,135
Public Health	1,603	883	883	683	483	483	483	283
Dedicated Schools Grant	9,711	8,618	7,118	5,618	4,118	2,618	1,118	1,118
Special Parking Account	1,311	1,311	0	0	0	0	0	0
Earmarked Revenue Grants	5,503	4,038	4,038	4,038	4,038	4,038	4,038	4,038
Brent Cross Designated Area S31	13,449	6,000	6,000	0	0	0	0	0
Insurance	2,768	1,668	1,668	1,668	1,668	1,668	1,668	1,668
Council tax and NNDR smoothing	2,822	0	0	0	0	0	0	0
Total Ringfenced Reserves	37,167	22,518	19,707	12,007	10,307	8,807	7,307	7,107
Local Welfare Provision	4,084	4,404	2,404	0	0	0	0	0
Service Specific Revenue Reserves	14,737	14,957	13,457	11,957	10,457	10,457	10,457	8,957
Climate change	1,543	727	227	0	0	0	0	0
Transformation Reserve	6,177	9,160	3,860	2,860	1,860	860	0	0
Residents Support Fund	2,369	1,579	579	0	0	0	0	0
Financial Resilience Reserve	32,356	15,617*	17,617	19,617	21,617	23,617	25,617	27,617
Total Committed Reserves	61,266	46,444	38,144	34,434	33,934	34,934	36,074	36,574
Total Earmarked Reserves	126,701	99,097	80,986	62,576	60,376	59,876	59,516	59,816

*includes a drawdown of £19.763m to fund the M9 forecast overspend position for 2023/24

3.59 In terms of financial sustainability, the Committed Reserves is the key measure. This is due to reduce over the MTFS with 2025/26 being the year in which the council is expected to no longer be able to maintain the £40m minimum balance that the Chief Financial Officer has assessed that the level of non-ringfenced revenue reserves should not fall below. This is set out in the Reserves and Balances policy at Appendix L.

3.60 The council maintains general balances of £15m and is not anticipating going below that over the MTFS.

3.61 Although several of the reserves appear to maintain a steady balance (e.g. Capital – CIL and Service Specific Revenue Reserves) there will be movements in and out throughout the year. The assumption is that income will offset expenditure in each year.

4 Transformation

4.1 Members have previously authorised the establishment of a Transformation Reserve. The forecast transformation reserve as at 1st April 2024 is £9.160m as shown by the table below.

Reserves use	Reserve at start of 2023/24	In year Expenditure	Reserve movements	Reserve c/fwd to 2024/25
	£m	£m	£m	£m
Transformation Reserve	6.177	(3.017)	6.000	9.160

4.2 The purpose of the Reserve is to provide one-off funding to facilitate the implementation of council priorities, as set out in Our Plan for Barnet. The primary focus of this funding is now on supporting the delivery of budget savings and reducing the impact of budget pressures, through an “invest to save” approach. The proposed use of the transformation reserve for 24/25 is outlined in the table below:

Description	2024/25
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	£m
Pay	0.950
Non-Pay	1.000
Themed Spend:	-
<i>Financially Responsible - Adults MTFS Programme</i>	1.343
<i>Financially Responsible - Healthy Child Programme</i>	0.455
<i>Financially Responsible – Children and Family Services MTFS Programme</i>	0.700
<i>Financially Responsible – Highways Service Improvement</i>	0.120
<i>To be allocated - theme spend</i>	0.732
Subtotal: Theme Spend	3.350
Total Transformation Programme	5.300

4.3 The approval of individual spending decisions is subject to the standard scheme of financial delegation – in this case the relevant Chief Officer is the Transformation Director and the relevant Cabinet Member is the Leader. However, in view of the cross-cutting nature of the programme, these delegations will in practice be exercised through ongoing consultation with other Chief Officers and Cabinet.

4.4 It is recommended that Cabinet delegate to The Leader approval of any further allocations from this reserve, subject to an appropriate business case, within the overall value of the reserve.

5 S25 Statement: View of Section 151 Officer

Robustness of the budget and assurance from Chief Finance Officer

5.1 In order to comply with Section 25(1) of the Local Government Act 2003, the Section 151 Officer (the Executive Director of Strategy and Resources) is required to report on the robustness of the estimates made for the purposes of the budget calculations and the adequacy of the proposed reserves. Section 25(2) of the same Act requires the authority to have regard to this report of the Section 151 officer when making decisions about the budget and the level of council tax.

5.2 Developing the budget estimates for a given financial year is an ongoing, iterative process within the medium-term financial planning cycle. This is a council-wide process involving all spending departments whereby estimates are worked up, challenged, and refined as further information becomes available. It considers the most recently available budget monitoring information and the latest assumptions for the forthcoming financial year. In particular, the proposed savings have been reviewed and signed off as deliverable by key stakeholders across the organisation. The thoroughness of this process is a source of assurance in determining that overall estimates in the budget are robust and that financial reserves, whilst needing to be significantly strengthened over the medium term, are adequate for the 2024/25 budget.

5.3 The 2024/25 budget report and MTFS has been compiled against a backdrop of continued and significant macro-economic uncertainty with the national cost-of-living crisis continuing to severely impact residents and the council. High inflation has remained for a period beyond initial government forecasts. This has impacted pay inflation, major contract inflation costs and other costs of service provision. Alongside this has been an unprecedented level of service demand in key services such as social care and homelessness. Further, there have been significant challenges in income budgets partly due to the sustained economic downturn, with parking income particularly badly impacted in the 2023/24 in-year financial position. The latest (Q2) forecast is a £26m gross general fund overspend in 2023/24. This will impact the council's budget in 2024/25 and over the medium term. In addition, any residual overspend at the end of 2023/24 will be a drain on the council's earmarked reserves.

- 5.4 The Council has undertaken a robust process to produce its MTFS in order to address the changing budget pressures and the risks mentioned above (as far as possible). The Council's Management Team and Cabinet have considered regular budget updates, including analysis of on-going service and demand pressures. Additionally, Cabinet receive regularly refreshed Business Planning reports.
- 5.5 While the Council Management Team and Cabinet meet to ensure the over-arching issues are robustly considered, a full schedule of meetings are arranged at various levels within the council to ensure that the MTFS process and savings proposals are understood.
- 5.6 An overview of the process and progress to date is presented to Overview and Scrutiny (O&S) Committee and any recommendations from O&S are fed through the MTFS process. In addition, in-year monitoring reports are presented to O&S Committee for challenge and scrutiny.
- 5.7 These processes are necessary to ensure all budget proposals are:
- aligned to Our Plan for Barnet;
 - fully evaluated for any legal, HR equality and procurement issues;
 - assessed thoroughly to ensure if stakeholder consultations are needed and if so to ensure these are completed in time; and
 - appropriately challenged to ensure they are feasible.
- 5.8 Following the Autumn Statement and settlement, with expected real-terms funding cuts (and potentially cash cuts) for unprotected departmental spending, including most of local government there is real uncertainty for the sector over its medium term financial sustainability. Added to this are potential government funding reforms (including 'fair funding' and a business rates reset) on the horizon that could have a significant, negative impact on funding levels in the next Spending Review period (commencing 2025/26). All of this means that additional government funding in the short term is highly unlikely to be a route to restoring the council to a sustainable financial footing and therefore multiple strands of action are required as set out in this report (i.e. focus on prevention, digital transformation and working in partnership with residents, voluntary sector, other councils and Government).

Robustness of Balances and Reserves

- 5.9 The forecast of the level of earmarked reserves to the end of the current MTFS period (2030) is detailed in section 3.56 . Although there is a risk that the level of non-ringfenced revenue reserves may fall below £40m during the MTFS period, the Section 151 Officer considers the current level of reserves sufficient to manage financial sustainability and will be actively working to replenish some of the previous years' drawdowns. The proposed MTFS includes a contribution to reserves of £2m from 2025/26 onwards in order to build up financial resilience thereby increasing the gap to 2029/30 to £19.685m.

Risks:

General Fund:

- 5.10 For 2023/24, the council is forecasting a significant overspend against its revenue budget. As far as possible, officers have taken actions to mitigate the 2023/24 forecast overspend and the possible impact of this pressure going into 2024/25.
- 5.11 The council's service related risks include:
- **Adults Social Care:** Demand has grown in adult social care following the pandemic, wider pressures on the NHS and an increase in complexity of need . Key risks relate to growing numbers of people with complex learning disabilities, high demand from hospital discharge, and inflationary pressures for providers outstripping the funding available. The council reviews its

minimum sustainable price for residential and nursing care and uplift offers for other types of care each year, but there is a growing risk nationally of providers exiting the local authority market.

- **Children's social care:** costs are higher due to a dysfunctional market, as confirmed by the Competitions and Market Agency. Demand of specialist provision like solo provision is also higher than before the pandemic because of the impact of lockdown, child welfare and mental health. Growing complexity of needs and a lack of sufficient capacity in the London market is also driving higher costs.
- **Housing services:** Demand for TA continues to rise with the uncertainty around the impact of increases in energy costs and rising rents.

5.12 Other revenue related risks include:

- General operational risks relating to service delivery;
- Changes in legislation;
- Risk of non-delivery of savings;
- Future funding uncertainty;
- Interest rate risk;
- Inflation is a clear risk and the council will continue to review the latest data, both overall and in different sectors (e.g. construction materials).
- Unfunded operational pressures on waste collection based on borough growth;
- Housing Support Fund has been announced to cease in 2023/24 and there is a risk that while this funding will cease, the demand doesn't;
- One off pressures which are intended to be funded from reserves in 2024/25 that will have an adverse impact on reserves:
 - Car parking income until it recovers (from the Special parking Account Reserve);
 - Your Choice Barnet operational deficit (from general reserves);
 - Sexual Health Services increasing contract cost and Agenda for Change (from the Public Health Reserve); and
 - Substance misuse service increase in Tier 4 treatment (from the Public Health Reserve).

5.13 Taking account of all of the above considerations, the S151 Officer is of the view that the proposed 2024/25 budget is robust and can be managed within the council's existing resources.

5.14 Council should note that limited assurance can be given regarding the council's medium term financial position until the Government has set out the future of Local Government funding. Until this funding is confirmed the S151 Officer cannot confirm that any medium term financial strategy is robust and achievable. Despite the funding uncertainty, the S151 Officer can confirm that the council is taking all measures to ensure its future financial sustainability is viable by investing in housing and digital transformation, reducing costs in demand led services like social care and homelessness and working alongside neighbouring boroughs and London Councils to ensure best practice is being adopted.

5.15 Risks related to pensions and treasury are specifically addressed and discussed separately in the Treasury Management Strategy Statement.

Housing Revenue Account:

5.16 The current inflation and interest rate environment putting chronic pressure on HRA's across London and the diminishing ability for HRA's to self-fund (through rental income) sustainably into the future. The current outlook would indicate this may be the situation with the HRA and thus it will likely require General Fund support in 2/3 years.

5.17 Balancing the HRA budget has become more challenging due to the turbulent macro-economic environment, changing legislative requirements, government restrictions on the council's ability to increase rents, and the growing demand for increasingly costly resources.

5.18 Significant on-going financial and operational challenges include:

- Increased cost of repairs/ major repairs due to the inflationary cost of labour/ materials significantly above CPI
- The current high interest rate environment affecting affordability of capital investment and development programmes, as well as meeting our statutory duties – e.g. Damp and Mould, Fire Safety, building safety regulations on Regeneration sites.
- Increasing cost of utilities rising above prior assumptions, meaning higher subsidy by the council for some households
- Increasing damp and mould costs, beyond the significant originally estimated investment the council has previously committed.
- Potential cap on Rents. For 2023/24, Central Government applied a 7% cap on rent, which was significantly lower than the increased cost of repairs. Central Government has not yet notified local authorities of a cap for 2024/25.

5.19 The council and The Barnet Group are working through mitigations to ensure the viability of the HRA through the 30-year Business Plan period:

- Looking at internal operations, a review of the management fee process
- Networking with neighbouring boroughs and London Councils to identify best practice and opportunities across the sector.

5.20 The revised HRA Business Plan for 2024/25 is being presented to this Cabinet ahead of Full Council for final approval on 27th February 2024.

Dedicated Schools Grant (DSG):

5.21 Schools across the country are facing significant challenges in balancing their budgets and some of the key factors contributing to this are:

- Rising staff costs;
- Increasing energy bills and building maintenance costs;
- Increase in the number of pupils with SEND; and
- Fall in pupil numbers.

5.22 As a result, more and more schools are using their reserves to stay afloat and, where there is no such cushion, are going into deficit. The council supports LA maintained schools facing financial difficulties by providing challenge and scrutiny on proposed recovery plans should a school be unable to set a balanced budget, and by agreeing cash advances for schools that have cash flow difficulties, subject to agreement on a recovery plan.

5.23 The DSG reserve brought forward balance into 2023/24 was £9.711m. The Schools' Forum has agreed to use up to £1m of reserves to fund the Hong Kong & Afghanistan Refugees and Asylum Seekers from one of the five dedicated hotels, joining our schools in Barnet. A further £1m is earmarked for therapies (High Needs) and £1.129m of Early Years is confirmed and subject to DfE clawback due to a smaller number of children at Early Years.

5.24 This has resulted in a forecast DSG reserve carry forward of £8.618m as shown below:

	B/Fwd	Use of Reserve	Top Up Reserve	C/Fwd
	£'000	£ '000	£'000	£ '000

DSG Reserve	9,711	(2,916)	1,823	8,618
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Robustness of estimates

- 5.25 Budget estimates are exactly that – estimates of spending and income made at a point in time. This statement about the robustness of estimates cannot give a guaranteed assurance about the budget, but instead gives Members reasonable assurances that the budget has been based on the best available information and assumptions.
- 5.26 The council is a going concern and the budget process is part of a continuous service planning and financial cycle. Therefore, knowledge and understanding of the previous and current national and local financial and economic environments are used to make informed assumptions and judgement about the future. This activity seeks to establish a robust budget which is appropriate and realistic having taken a practical assessment of risks.
- 5.27 The financial planning process has been managed at senior officer level through the Council Management Team meetings. This Executive level group has overseen the process for financial planning, including medium-term resource projections, the strategic context for the borough, and the quantification of new pressures on resources, and the identification of potential budget savings.
- 5.28 Consideration has been given to the known and possible future financial pressures to ensure that changes to the budget are made where this is appropriate.
- 5.29 Extensive consultation has taken place in respect of the budget proposals in general, and also in respect of specific planned changes. Consultation feedback has been taken into consideration as final proposals to the council have been formulated.
- 5.30 The Capital Programme presents the council with a significant challenge in terms of delivery and affordability. The cost of borrowing is accounted for based on the current plans however any overestimation in spend leads to overestimation of capital financing requirement and any underachievement of its capital receipts expectations will require either an increase in borrowing, with associated revenue implications, or the deletion of schemes.

Robustness of Budget Setting Process

- 5.31 The process that has been undertaken to set the budget has included engagement of officers from service departments throughout the year, regular reporting of financial and service issues to Cabinet, consultation with the public, along with due consideration of statutory duties, particularly in respect of equalities.
- 5.32 As part of the monthly monitoring cycle, officers undertake an assessment of the council's ability to deliver the savings required for the MTFs with particular emphasis on in-year savings. Where there is a risk of non-achievement of savings, adequate mitigations are put in place in order to ensure a legal budget is set and that value for money is achieved from public funds.
- 5.33 For these reasons, it can be confirmed that the budget setting process has been robust.

Effectiveness of Budget Management

- 5.34 The council has robust arrangements for managing budgets and performance. Close attention will continue to be paid to increasing service and demand pressures, implementation of agreed savings and monitoring of the Council's current position, with regular reporting to Cabinet.

5.35 The council has a legal responsibility to set a balanced budget which can include the planned use of its reserves. The council does not anticipate using reserves in order to fund recurrent expenditure in 2024/25. The council, however, maintains reserves to ensure financial sustainability and for other, non-recurrent purposes such as, work on sustainability and transformation, expenditure linked to previous grant receipts or for unplanned one-off items.

5.36 The Section 151 Officer considers the current level of reserves sufficient to manage those items and is actively working to replenish some of the previous years' drawdowns.

6 HRA Balances and Business Plan

6.1 The council projects the HRA position over a 30-year period, considering changes in stock, capital programme requirements, and anticipated policy changes.

6.2 A summary of the proposed updated HRA forecast for 2023/24 and Capital Programme are included in Appendix K.

6.3 Over the last few years (and particularly the last 24 months) the HRA has seen various adverse factors affecting the financial viability and sustainability of the Business Plan.

- Additional legislation regarding fire safety in buildings over 11 metres, has meant additional costs per annum of £2.2m
- Interest rate levels have more than doubled meaning additional interest costs to deliver the capital programs that have been agreed.
- The rent cap for 2023/24 and sub-CPI increases for 4 years between 2016 and 202. This has reduced revenues by £6.2m per annum.
- Limiting utility costs for residents on estates where large panel or communal heating systems are in place, to equate rate rises to other residents (annual cost of between £1m to £2m depending on procurement prices). The business plan has assumed that full cost recovery will be achieved in 2024/25, but it does mean above inflation increases for residents of these blocks.
- Inflation for repairs being double (and higher) than CPI, and also additional costs relating to disrepair claims promoted by legal services (£1.2m per annum) and finally the extra costs for managing and remediating damp and mould cases is costing £2.2m of revenue and approximately £1m of capital costs.
- Significant increases in replacement major works, so as example bathrooms have increased in price by 70% in the last 3 years, with significant inflation in development costs as well.

6.4 The result of all the above challenges means that the current business plan will not be able to sustain the current policy of the minimum Reserve position increasing by CPI each year. In fact the current business plan can only remain viable (after utilising existing reserves until 2026/27. This position assumes the other Cabinet paper regarding rents and services charges is implemented, i.e. rents increased by 7.7% and full recovery of utility costs for properties on communal heating systems.

6.5 Further collaboration between Council and Barnet Homes is planned to try and develop plans to ensure the financial viability of the Housing Revenue Account in the longer term; though this is likely to require a change in the approach to funding social housing by central Government. Barnet is working with other London Boroughs and external parties to identify opportunities to raise these issues with Government as many other boroughs have similar financial issues with their HRA.

7 Capital Programme

Capital Programme 2023-2028

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

Summary of Proposed Capital Programme after changes

Cabinet	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	Total
	£000	£000	£000	£000	£000	£000	£000
Adults and Social Care	5,760	4,882	3,885	3,885	3,885	1,000	23,295
Homes and Regeneration (Brent Cross)	47,419	89,379	43,202	6,500	0	0	186,500
Family Friendly Barnet	9,215	16,623	5,431	5,821	0	0	37,091
Culture, Leisure, Arts and Sports	1,837	508	0	0	0	0	2,345
Environment and Climate Change	39,940	49,549	29,382	20,145	20,237	19,400	178,653
Homes and Regeneration	88,879	91,513	50,498	49,987	1,837	8,617	291,332
Resources and Effective Council	16,380	9,293	816	310	0	0	26,799
Total - General Fund	209,430	261,746	133,215	86,648	25,958	29,017	746,014
Housing Revenue Account	172,026	115,700	75,229	65,333	53,020	9,798	491,108
Total - All Services	381,456	377,446	208,444	151,981	78,979	38,815	1,237,122

- 7.3 A more detailed breakdown of the capital programme is shown in Appendix I2 to this report.

Slippage/Acceleration

- 7.4 The net slippage/accelerated spend reported at month 9 was £39.729m with £54.914m spend being slipped out of the 2023/24 financial year into future years and £15.186m accelerated into 2023/24.

Capital program changes since December 2023 Cabinet

Budget Movement Type	2023-24 Budget	2024-25 Budget	2025-26 Budget	2026-27 Budget	2027-28 Budget	2028-29 Budget	Total Budget
	£000	£000	£000	£000	£000	£000	£000
Reported Capital Budget - December 2023	425,171	261,174	146,523	51,701	15,817	0	900,387
Slippage/Acceleration	(39,729)	10,211	11,146	12,360	(2,608)	8,618	0
Transfer	(6,790)	(2,536)	(9,456)	9,326	9,457	0	0
Additions	21,724	140,787	65,934	79,013	56,312	30,197	393,966
Deletions	(18,919)	(32,190)	(5,702)	(420)	0	0	(57,231)
Reported Capital Budget - February 2024 Revised Programme	381,457	377,446	208,445	151,981	78,979	38,815	1,237,122

- 7.5 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.

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

Summary of Net Slippage			
Cabinet	Net Slippage	Net Acceleration	Net Slippage/Acceleration
	£000	£000	£000
Adults and Social Care	0	0	0
Culture, Leisure, Arts and Sports	(9)	0	(9)
Environment and Climate Change	(7,789)	37	(7,752)
Family Friendly Barnet	(543)	0	(543)
Homes and Regeneration	(19,578)	50	(19,528)
Homes and Regeneration (Brent Cross)	(11,753)	178	(11,575)
Resources and Effective Council	(1,499)	0	(1,499)
Total - General Fund	(41,171)	265	(40,906)
Housing Revenue Account	(13,743)	14,920	1,177
Total - All Services	(54,914)	15,186	(39,729)

Additions

7.7 Additions to the capital programme are shown below:

- Disabled Facilities Grants Programme (£8.963m) addition across 2023-24 to 2027-28 to bring the programme in line with the expected grant funding for each financial year, and to bring the current year in line with available funding received.
- Drainage Schemes (£2.820m) addition in line with grants awarded.
- Housing acquisitions Open Door (£19.000m) addition to ODH acquisition programme to supporting funding of new 300 ODH acquisitions.
- Timber houses fire safety (£13.072m) addition to implement fire safety in timber framed houses.
- Roads, Drainage & Pavements (£97.600m) profiled evenly across 5 years for the replacement of existing highways programmes and additions to future years in line with the highway's strategy.
- Graham Park NE (£22.420) addition to existing programme to bring forward regeneration within the estate.
- Land Acquisitions (£0.040m) addition to support the development of Brent Cross
- Development Portfolio (£0.600m) addition to support acquisitions within the programme
- GF Void Adaptations (£0.400m) addition to support accessible and wheelchair adaptations in void properties
- Development Investment Partnership (£7.339m) addition to support the progression of four Council owned sites through RIBA stage 1-3 & to securing planning. The funding will further support the discharging of planning conditions to enable a start on site for which a separate bid will be required.
- EVCP - Lamp Column Project (0.794m) to support the installation of additional electric vehicle charging points.
- Colindale Station Works (£0.987m) addition as part of the Council's contribution to the costs of rebuilding Colindale Station.
- Community Equipment and Assistive Technology (£5.000m) addition for telecare equipment for adult social care clients to enable residents to continue to live in their own homes.
- BX Plot 1 Loan (£100.000m) Plot 1 Brent Cross Town – short term loan of £100m to the Related Argent development subsidiary which is constructing the first commercial building at BXT (and thereby secure Sheffield Hallam University for the scheme).

- Modular (GF) (£10.336m) addition will support the planning & delivery of four Council owned (small) sites contributing to c.40 social rented homes. These are manufactured off site using modern methods of construction and align with our sustainability agenda of achieving Net Zero Carbon.
- Modular (HRA) (£2.485m) addition will support the planning & delivery of four Council owned (small) sites contributing to c.40 social rented homes. These are manufactured off site using modern methods of construction and align with our sustainability agenda of achieving Net Zero Carbon.
- HRA Additions & Deletions in line with HRA 30-year business plan - The HRA Capital programme has been updated to reflect the next 5 years of the revised 30-year HRA Business plan. The forecast for HRA developments has been updated to reflect the latest delivery requirements in terms of cost, profiling and forecast funding for the next 5 years.

Deletions

7.8 Deletions to the capital programme are shown below:

- Highways programmes (£24.434m) combination of existing highways programmes which have been replaced by the Roads, Drainage & Pavements addition in line with the highway's strategy.
- Trojan Phase 2 EV Project (£2.402m) deletion in relation to private sector funded elements.
- Jolt Town Centre EV Project (£1.400m) deletion in relation to private sector funded elements.
- The Burroughs, Hendon (£6.157m) deletion post a gateway review; a revised FBC will be completed and presented in 2024.
- Depot Relocation (£7.481m) as a result of potential changes to lease arrangements at the Oakleigh Road depot, a recommendation has been made to descope the works planned for the former Biel Brothers site that were proposed in the full business case and approved at Committee in February 2023, the reduction in works will allow for a saving of £7.481m; a revised sum of £1.575m is now profiled for 24/25, which will ensure business continuity for an interim period whilst longer term options are considered.

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

Financing of the Proposed Capital Programme

Cabinet	Grants	S106	Capital Receipts	RCCO/MRA	CIL	Borrowing (MEEF)	Borrowing (PWLb)	Total
Adults and Social Care	15,681	0	0	0	7,471	0	143	23,295
Homes & Regeneration (Brent Cross)	59,476	0	17,517	1,011	0	0	108,496	186,500
Family Friendly Barnet	32,517	1,644	116	0	268	0	2,546	37,091
Culture, Leisure, Arts and Sports	387	118	38	0	1,745	0	57	2,345
Environment and Climate Change	16,383	7,525	382	0	116,157	0	38,206	178,653
Homes and Regeneration	58,341	7,093	9,144	0	30,953	4,720	181,079	291,332
Resources and Effective Council	1	45	54	0	0	0	26,699	26,799
Total - General Fund	182,786	16,426	27,251	1,011	156,595	4,720	357,225	746,014
Housing Revenue Account	42,015	3,550	44,145	74,798	0	0	326,599	491,108
Total - All Services	224,802	19,976	71,396	75,810	156,595	4,720	683,825	1,237,122

*MEEF – Mayor's Energy Efficiency Fund

Borrowing

7.10 £683.825m of the total capital programme will be funded from borrowing of which £125.312m is on-lent to Opendoor Homes for the acquisition or delivery of new housing.

7.11 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).

7.12 Included in the total Capital programme, is £4.720m 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

7.13 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.

7.14 £71.396m of the above capital programme is planned to be funded by capital receipts. Of the £71.396m, £44.145m will be funded from HRA capital receipt (RTB Receipts) and £27.251m from General Fund Receipts.

7.15 Current receipts are standing at £49.779m with £40.389m being HRA receipts and the remaining £9.390m General Fund receipts. The current disposal programme estimates General Fund disposals of £1.070m in 23/24 and £15.825m in 24/25.

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

7.17 HRA funding will also finance Open Door New Build Housing (£7.24m of which £2.67m is expected to be funded from capital receipts), which is shown in the above table under the 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

7.18 The current capital programme shows £224.802m will be funded from Capital Grants. S106 and CIL are standing at £19.976m and £156.595m, respectively.

7.19 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).

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

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

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

8 Post Decision Implementation

8.1 Savings proposals along with the council tax requirement will then be taken to the Full Council meeting on 27 February 2024.

8.2 Following approval of the recommendations in this report, budget changes will be processed in the financial accounting system and reflected against service areas for 2024/25 for revenue and capital.

9 Corporate Priorities, Performance and Other Considerations

Corporate Plan

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

Corporate Performance / Outcome Measures

- 9.2 None in the context of this report

Sustainability

- 9.3 None in the context of this report

Corporate Parenting

- 9.4 In line with Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in decision-making across the council. The outcomes and priorities in Our Plan for Barnet 2023-2026, reflect the council's commitment to the Corporate Parenting duty to ensure the most vulnerable are protected and the needs of children are considered in everything that the council does. To this end, great attention has been paid to the needs of children in care and care leavers when approaching business planning, to ensure decisions are made through the lens of what a reasonable parent would do for their own child.

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

Risk Management

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

Insight

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

Social Value

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

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

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

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

11 Legal and Constitutional References

11.1 Section 151 of the Local Government Act 1972 states that: "without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". Section 111 of the Local Government Act 1972, relates to the subsidiary powers of local authorities.

11.2 Under Section 114 of the Local Government Finance Act 1988, the chief finance officer (S151 Officer) of a relevant authority shall make a report under this section if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

11.3 Part 2 D of the Council's Constitution sets out the Terms of Reference and Delegation of Duties to the Cabinet which include:

➤ To be responsible for:

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

➤ All key decisions - namely:

- an executive decision which is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the budget for the service or function to which the decision relates; or
- an executive decision which is likely to be significant in terms of its effects on communities living or working in an area of two or more wards of the Borough;
- a decision is significant for the purposes of above if it involves expenditure or the making of savings of an amount in excess of £1m for capital expenditure or £500,000 for revenue expenditure or, where expenditure or savings are less than the amounts specified above, they constitute more than 50% of the budget attributable to the service in question;
- award of contracts over £500,000 and all matters reserved to the Executive under the Contract Procedure Rules this may be done via the Procurement Forward Plan;
- virements between budgets as required by the Financial Regulations;
- making all non-key decisions which are referred to the Executive by the relevant Portfolio Holder or Director;

- Determination of recommendations and references from the Council or any of its Committees or sub-committees and which the Cabinet considers are appropriate for collective decision;
- Approval of HRA Rents.

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

11.5 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.

12 Consulting and Engagement

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

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

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

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

- Comments are genuinely invited at the formative stage;
- The consultation documents include sufficient reasons for the proposal to allow those being consulted to be properly informed and to give an informed response;
- There is adequate time given to the consultees to consider the proposals;
- There is a mechanism for feeding back the comments and those comments are considered by the decision-maker / decision-making body when making a final decision;
- The degree of specificity with which, in fairness, the public authority should conduct its consultation exercise may be influenced by the identity of those whom it is consulting;
- Where relevant and appropriate, the consultation is clear on the reasons why and extent to which alternatives and discarded options have been discarded. The more intrusive the decision, the more likely it is to attract a higher level of procedural fairness.

General Budget Consultation 2024/25

12.4 The general budget consultation began after Cabinet on 12 December 2024 where the Cabinet agreed to consult on the council's budget proposals for 2024/25.

12.5 The consultation opened on 21 December 2023 and concluded on 21 January 2024.

12.6 In terms of service-specific consultations the council has a duty to consult with service users where there are proposals to vary, reduce or withdraw services. Where appropriate, separate service-specific consultations have already taken place. The outcomes of these consultations are being reported into the cabinet decision making process.

12.7 A public consultation exercise will be undertaken on the outcome of the review of garden waste collection charges and the proposal to introduce a discounted rate for those who receive council tax support. The consultation material will be designed and agreed with the Portfolio Holder for Environment and Climate Change prior to publication.

12.8 The following paragraphs set out the headline findings from the general budget consultation for 2024/25 which is presented to this Cabinet and then will be recommended to Full Council on 27 February 2024. The detailed findings can be found in Appendix G.

Summary of consultation approach

12.9 The 2024/25 general budget consultation asked for views on the:

- Overall budget, and savings and income generation proposals for 2024/25;
- Proposal to increase General Council Tax by 2.98% in 2024/25; and
- Proposal to apply an Adult Social Care Precept on Council Tax of 2% to help pay for adult social care.

12.10 The consultation approach is outlined below:

- the consultation consisted of an online questionnaire and summary consultation document which was published on engage.barnet.gov.uk.
- paper copies and an easy-read version of the consultation were also made available on request.
- as part of the council's statutory duty to consult with National Non-Domestic Rate (NNDR) payers, letters were sent out to all the council's NNDR payers inviting them to take part in the consultation.
- the consultation was widely promoted via the council's residents' weekly e newsletter, Barnet First resident's paper magazine delivered to all household in the boroughs; Barnet Together newsletter, the website; and Twitter.

Summary of key findings

Views on the overall budget for 2024/25

12.11 Around a quarter of respondents agree (24%, 27 out of 114 respondents) with the council's proposed budget for 2024/25 (4%, 4 out of 114 respondents strongly agree, and 20%, 23 out of 114 respondents tend to agree).

12.12 Under half disagree (47%, 53 out of 114 respondents) with the council's proposed budget for 2024/25 (24%, 27 out of 114 respondents tend to disagree, and 23%, 26 out of 114 respondents strongly disagree).

12.13 The remainder were either neutral (19%, 22 out of 114 respondents) or said they did not know or were not sure (11%, 12 out of 114 respondents).

Views on the council's Council Tax proposals for 2024/25

12.14 Overall, over half of respondents (55%, 41 out of 75 respondents who completed this question, support some sort of Council Tax increase to help fund the budget gap in 2024/25 - a third (32%) support both council tax increases. However, under half of respondents do not support any increases in Council Tax in 2024/25 (45%, 34 out of 75 respondents):

- Around a third of respondents (32%, 24 out of 75 respondents) support both the council's proposals on Council Tax: the proposal to increase general Council Tax by 2.98% and the proposal to apply a further 2.0% Social Care Precept in 2024/25
- Around one in seven respondents (15%, 11 out of 75 respondents) support only the proposal to increase general Council Tax by 2.98% in 2024/25
- Around one in twelve respondents (8%, 6 out of 75 respondents) support only the proposal to apply a 2% Adult Social Care Precept to Council Tax in 2024/25
- Under half of respondents (45%, 34 out of 75 respondents) do not support either of the council's proposals to increase Council Tax in 2024/25: neither the proposal to increase general Council Tax by 2.98% nor the proposal to apply an Adult Social Care Precept on Council Tax of 2% in 2024/25.

Views on Directorate saving and income proposals for 2024/25

12.15 Respondents were asked to what extent they agree or disagree with the savings and income proposals identified for each of the theme committees in 2024/25:

- **The Public Health (PH) Directorate:** around a third of respondents (32%, 24 out of 76 respondents) agreed with the savings and income proposals identified within this directorate for 2024/25. Just under a third of respondents (30%, 23 out of 76 respondents) disagree with the savings identified within this directorate. Around a fifth of respondents indicated they were neutral (21%, 16 out of 76 respondents). The remainder said they did not know, (11%, 8 out of 76) or had no comments to make about the PH savings (8%, 5 out of 76).
- **The Communities, Adults and Health (CA&H) Directorate:** just over quarter of respondents (27%, 21 out of 77 respondents) agree with the saving and income proposals identified within this directorate for 2024/25. However, more respondents, with around two fifths of respondents (43%, 32 out of 77 respondents), indicated they disagree with the saving and income proposals identified within this directorate. The remainder indicated they were either neutral (14%, 11 out of 77), they did not know (9%, 7 out of 77), or did not wish to comment on these savings (9%, 6 out of 77 respondents).
- **The Children and Family Services (C&FS) Directorate:** around a quarter of respondents (26%, 20 out of 76 respondents) agreeing with the saving and income proposals identified within this directorate for 2024/25. Around two fifths of respondents (38%, 29 out of 76 respondents), indicated they disagree with the saving and income proposals identified within this directorate. The remainder were either neutral (17%, 13 out of 76), or indicated they did not know (9%, 7 out of 76), or did not wish to comment on these savings (9%, 7 out of 76).
- **The Customer and Place (C&P) Directorate:** around a quarter of respondents (24%, 18 out of 76 respondents) agreeing with the saving and income proposals identified within this directorate for 2024/25. A third of respondents (33%, 25 out of 76 respondents), indicated they disagree with the saving and income proposals identified within this directorate. The remainder were either neutral (22%, 17 out of 76), or indicated they did not know (9%, 7 out of 76), or they did not wish to comment on these savings (12%, 9 out of 76).
- **The Strategy and Resources (S&R) Directorate:** just under a quarter of respondents (23%, 18 out of 77 respondents) agreeing with the saving and income proposals identified within this directorate for 2024/25. Just over a third of respondents (35%, 27 out of 77 respondents) indicated they disagree with the saving and income proposals identified within this directorate. The remainder were either neutral (17%, 13 out of 77), or said they did not know (12%, 9 out of 77), or they did not wish to comment on these savings (12%, 9 out of 77 respondents).

- **The cross-cutting council savings:** around a quarter of respondents (26%, 20 out of 77 respondents) agree with the saving and income proposals identified for 2024/25. Just under a quarter (23%, 18 out of respondents) disagree with the saving and income proposals within this directorate. The remainder were either neutral (13%, 10 out of 77 respondents) said they did not know (16%, 12 out of 77), or they did not want to comment on these savings (22%, 17 out of 77).
- **The Assurance Directorate:** around a fifth of respondents (21%, 16 out of 77 respondents) agree with the savings and income proposals identified within this directorate for 2024/25. However, similar to CA&H, C&FS C&P and S&R), more respondents (30%, 23 out of 77 respondents) indicated they disagree with the saving and income proposals identified within the directorate. The remainder were either neutral (19%, 15 out of 77), said they did not know (13%, 10 out of 77), or indicated they did not wish to comment on these savings (17%, 13 out of 77 respondents).

Further comments on Directorate saving and income proposals for 2024/25

12.16 Respondents were also asked if they had any comments to make about the saving and income proposals identified for each Directorate for 2024/25. Of those who responded to the consultation, 31 out of 114 gave a response to this question.

12.17 The responses to this question were varied and a summary of the most common themes, with a response of three comments or more, have been summarised below.

12.18 Further details of the type comments received are provided in table 6 over the page.

- Comments on Adult Social Care: (Six comments)
- Would like more details of the of the savings / Further breakdown of savings required / Not enough detail provided on specific savings in plain English: (Six comments)
- Disagree with Council Tax increases / Total increase in Council Tax is unaffordable for people and families struggling more than ever: (Four comments)
- Comments on funding to Strategy and Resources: (Four comments)
- More savings should be made: (Three comments)

12.19 Further details of the types of comments received can be found in section three of Appendix G.

Additional further comments on the proposed budget for 2024/25

12.20 Respondents were also asked if they had any further comments to make about the council's proposed budget for 2024/25. Of those who responded to the consultation, 40 out of 114 gave a response to this question.

12.21 Again, the responses to this question were varied and the most common themes, with a response of three comments or more have been summarised over the page.

- I do not agree with the Council Tax increase/ it is too big: (Fifteen Comments).
- Central government should provide more funding to local: (Four comments).
- Council should ensure there is no expenditure wastage: (Three comments).
- I support a greater increase in Council tax: (Three comments)

12.22 Further details of the types of comments received can be found in Appendix G, Section Three.

12.23 In terms of service specific consultations, the council has a duty to consult with residents and service users in a number of different situations including proposals to significantly vary, reduce or withdraw services. Consultation is also needed in other circumstances, for example to identify the impact of proposals or to assist with complying with the council's equality duties, where there is a legitimate expectation or legislative requirement to consult. Service specific consultations will take place where necessary in line with timescales for any changes to be implemented.

12.24 Where appropriate, separate service specific consultations have already taken place or will be taking place for the 2024/25 savings. The outcomes of these consultations have or will feed into committee decision making process.

12.25 There are no direct consultation implications from the decisions recommended within this report.

13 Equalities and Diversity

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

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

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

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

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

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

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

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

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

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

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

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

13.9 To allow the council to demonstrate that it has met the Public Sector Equalities Duty as outlined above, each year the council undertake a planned and consistent approach to business planning. This assesses the equality impact of relevant budget proposals for the current year (affecting staff and/or service delivery) across services and identifies any mitigation to ease any negative impact on particular groups of residents. This process is refined as proposals develop and for the Council meeting it includes the assessment of any cumulative impact on any particular group.

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

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

13.12 Progress against the performance measures we use is published on our website at <https://www.barnet.gov.uk/your-council/policies-plans-and-performance/equality-and-diversity/equality-impact-assessments-2024-25>

14 Background Papers

14.1 Business Planning 2024-2030 and In-Year Budget Management 2023/24 – Cabinet. Item 11: [Agenda for Cabinet on Tuesday 12th December, 2023, 7.00 pm \(moderngov.co.uk\)](#)

14.2 Business Planning and Medium Term Financial Strategy 2024-2030 - Overview & Scrutiny Committee, Item 7: <https://barnet.moderngov.co.uk/ieListDocuments.aspx?Cid=1004&Mid=11562&Ver=4>

14.3 Autumn Statement 2023 – Representation by London Councils: [LC AS2023 representation to HMT - FINAL.pdf](#)

- 14.4 Council – Feb 2023; Agenda item 11.1 [Agenda for Council on Tuesday 28th February, 2023, 7.00 pm \(moderngov.co.uk\)](#)
- 14.5 Council – Feb 2023; Agenda item 11.1 [Agenda for Environment and Climate Change Committee on Monday 20th January, 2020, 7.00 pm \(moderngov.co.uk\)](#)