

Council Budget 2009-2010 Financial Forward Plan and Capital Programme

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Report to Cabinet

Revenue budget and Council Tax 2009/2010

1. The following recommendations are approved:-
 - 1.1 The Council agrees to the prudential borrowing (£78.7m) set out in appendix B.
 - 1.2 Balances
Council agree that the minimum level of General Fund balances should be £15m after taking account of all matters set out in the Chief Finance Officer's report on reserves and balances.

Revenue budget and Council Tax

- 1.3 The forecast revenue outturn for the year 2008/09 and the estimates of income and expenditure for 2009/10 be approved
- 1.4 That it be noted that the Chief Finance Officer under his delegated powers has calculated the amount of 136,605 (band D equivalents) as the Council Tax Base for the year 2009/10 in accordance with Regulation 3 of the Local Authorities (Calculation of Tax Base) Regulations 1992 made under Section 33(5) of the Local Government Finance Act 1992.
- 1.5 That the following amounts be now calculated by the council for the year 2009/10 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:-
 - (a) £855,621,400 being the aggregate of the amounts which the council estimates for the items set out in Section 32(2)(a) to (e) of the Act;
 - (b) £610,844,490 being the aggregate of the amounts which the council estimates for the items set out in Section 32(3)(a) to (c) of the Act;
 - (c) £244,776,910 being the amount by which the aggregate at 1.5(a) above exceeds the aggregate at 1.5(b) above, calculated by the council, in accordance with Section 32(4) of the Act, as its budget requirement for the year;
 - (d) £92,708,066 being the aggregate of the sums which the council estimates will be payable for the year into its general fund in respect of redistributed non-domestic rates, revenue support grant or additional grant increased or reduced (as appropriate) by the amount of the sums which the council estimates will be transferred in the year from:-

- (i) its collection fund to its general fund and;
 - (ii) its general fund to its collection fund in accordance with Sections 97(3) and (4) and 98 (4) and (5) respectively of the Local Government Finance Act 1988;
- (e) £1,113.20 being the amount at 1.5(c) above less the amount at 1.5(d) above, all divided by the amount at 1.4 above, calculated by the council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year 2009/2010;

London Borough of Barnet valuation bands (£)

A	B	C	D	E	F	G	H
742.13	865.82	989.51	1,113.20	1,360.58	1,607.96	1,855.33	2,226.40

being the amounts given by multiplying the amount at 1.5(e) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which is in that proportion is applicable to dwellings listed in valuation band D, calculated by the council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- 1.6 That it be noted that for the year 2009/10 the Greater London Authority has stated the following amounts in precepts issued to the council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:-

Greater London Authority valuation bands (£)

A	B	C	D	E	F	G	H
206.55	240.97	275.40	309.82	378.67	447.52	516.37	619.64

- 1.7 That, having calculated the aggregate in each case of the amounts at 1.5(e) and 1.6 above, the council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2009/10 for each of the categories dwellings shown below: -

Council Tax for area (£)

A	B	C	D	E	F	G	H
948.68	1,106.79	1,264.91	1,423.02	1,739.25	2,055.48	2,371.70	2,846.04

1.8 That in accordance with Section 38(2) of the Act the Chief Executive be instructed to place a notice in the local press of the amounts set under recommendation 1.7 above pursuant to Section 30 of the Local Government Finance Act 1992 within a period of 21 days following the Council's decision.

Housing Revenue Account and rents

1.9 That the Housing Revenue Account estimates for 2009/10 be approved.

1.10 That, with effect from 1 April 2009:-

(a) The rent of all council dwellings, with the exception of those included under recommendation (1.11), be changed in line with the proposals outlined in this report, producing an average increase of 6.2%

(b) That the rents of all properties relet for whatever reason be moved upwards to the formula rent. Where formula rent is below actual rent no reduction will be made.

(c) That service charges for all tenants of all flats and maisonettes based on the services they receive be increased to the following charges (per week, 48 week basis):-

Caretaking	£5.44
Caretaking Plus	£7.03
Block Lighting	£0.87
Grounds Maintenance	£0.56
Quarterly Caretaking	£1.09

(d) That a new service charge of £0.72 per week (48 week basis) be introduced for all tenants of flats and maisonettes who receive communal digital TV services be introduced, subject to the results of consultation

(e) That there is an increase of 5% on the charge for space and water heating

1.11 That, with effect from 1 April 2009: -

(a) The basic rents of dwellings in the council's equity sharing scheme at Moorlands Avenue, NW7 be amended in line with rent restructuring

- (b) The net rents of dwellings in the equity share scheme at Friern Hospital be amended in line with rent restructuring.

The maximum increase in (a) and (b) above will be 5.5% plus £2 (pro rata to the rented share).

- 1.12 That, with effect from 1 April 2009, the rents of council garages be increased by 4%.
- 1.13 That the Chief Executive be instructed to take the necessary action including the service of the appropriate notices.

Treasury Management, Capital Prudential Code and Borrowing Limits

- 1.14 The Prudential Indicators set out in appendix C be recommended for approval to Council and that the Chief Finance Officer be authorised to raise loans, as required, up to such borrowing limits as the council may from time to time determine and to finance capital expenditure from financing and operating leases subject to:
- (i) the appropriate provision having been made in the estimates for 2009/10;
 - (ii) authorisation (where necessary) of the expenditure by the appropriate Government Department;
- 1.15 Agree the annual Minimum Revenue Provision as set out and recommended in appendix C.
- 1.16 To note that deposits with major UK banks will not be protected by the Credit Guarantee Scheme

Capital

- 1.17 That the capital programmes be approved, and that the Chief Officers be authorised to take all necessary action to implement them.
- 1.18 The Chief Finance Officer be authorised to adjust capital project budgets in 2009/10 throughout the capital programme after the 2008/09 accounts are closed and the amounts of slippage and budget carry forward required are known.
- 1.19 That where slippage results in the loss of external funding and a new pressure being placed on prudential borrowing, the relevant Director report on options for offsetting this impact by adjusting other capital projects.

Contracts

- 1.20 That authorisation be given to allow tenders to be sought for contracts listed in appendix F.

Medium Term Financial Strategy (MTFS)

- 1.21 To note that the current annual level of prudential borrowing cannot be sustained long term, and that Cabinet must also seriously consider using significant capital receipts generated in future years to repay borrowing rather than fund further expansion of the capital programme (page 51).
- 1.22 Cabinet approved the following: -

Consultation on changes to the fairer Charging Policy

That a public consultation be carried out on the changes to the fairer charging policy as proposed below:

- a) Increasing the current charge for Homecare from £13.70 (2008/09 price) to £16.00 per hour.
- b) Removing the maximum charge ceiling for Homecare currently £342.50 (2008/09 price).
- c) To cap the Disability Related Expenditure allowance at £20.00 per week except in exceptional circumstances.
- d) To revise the basis for charging for Respite Care as per residential accommodation.
- e) To introduce charging for the Homecare element of Supported Living Packages.
- f) The introduction of charging against a personal (individualised) budget which is set following a Community Care Assessment for people assessed as not requiring residential or nursing care. The charge against the personal budget will include all community support and services i.e. including Day Care and not be just set against those listed as separate chargeable services.

Council revenue budget and Council Tax 2009/10

Introduction

The Cabinet Members submitted their proposed recommendations to Council on the 2009/10 budget and council tax.

The council's budget is a financial expression of its services and levels of provision but also a conditioner of them. It links the priorities and objectives of the council as expressed in the Corporate Plan having regard to resources available and taxation consequences of spending decisions.

The council is required by law to set its budget having considered its estimates of expenditure and income, and for its call on the collection fund to be sufficient to meet its budget needs. This must be done before 11 March 2009 and a meeting of the Council has been arranged for 3 March 2009 to achieve this.

Corporate Plan

The new Corporate Plan for the period 2009/10 to 2012/13 is considered alongside the budget at this meeting. It sets out the council's priorities and targets and how the authority goes about meeting them.

The Corporate Plan is an important part of the council's budget and policy making cycle. It provides the forward planning aspect of this framework and has been formulated alongside the council's budget for the coming financial year.

Risk Management Issues

The Chief Finance Officer's assessment of financial risks and advice on reserves and balances is set out in page 18 onwards of this report.

Equalities and Diversity Issues

The budget is aligned with council priorities, which includes targeted resources on key groups in line with its commitments to equalities and diversity.

The council must have due regard to the need to achieve the objectives under the equalities legislation before taking any decisions.

Use of Resources implications (finance, procurement, performance and Value for Money, staffing, ICT, property, sustainability)

This whole report is about the council budget and capital programme.

The Chief Finance Officer is recommending that Cabinet consider this report and specifically pages 18 to 42 on reserves and balances and determine the minimum level of General Fund balances of £15m.

Staffing implications arising from these budget proposals were reported to General Functions Committee on 14 January 2009.

Procurement, ICT and property implications are included in the Budget and Forward Plan statements at appendix B.

Legal Issues

The Council Tax has been calculated and set in accordance with the requirements of the Local Government and Finance Act 1992.

The Local Government Act 2003 requires the Chief Finance Officer to report to Council as part of the budget process on the robustness of the estimates and the adequacy of the proposed financial reserves, although the final decision on the level and utilisation of reserves rests with the council and this is set out in the Chief Finance Officer's report later in this paper.

It is a requirement of the Local Government Act 2003 that the council should have regard to the Chief Finance Officer's report on the adequacy of balances when making the budget calculations. Any decision by Council on the level of reserves that differs from that of the Chief Finance Officer will need to be recorded in the decision to demonstrate the council had fulfilled this statutory requirement.

There are other statutory references contained within the body of this report.

Constitutional Powers

Financial Regulations (Part 1, Section 2) within the Council Constitution state the following:-

- i. Cabinet will finalise its recommendations to Council on the budget, council tax and rent levels taking account of the results of budget consultation. This

will normally be in February, following announcement of the Final Local Government Finance Settlement.

- ii. Cabinet's recommendations to Council must be made in time for Council to set the budget and council tax before 11 March of the preceding financial year to the financial year to which the recommended budget and council tax relate.
- iii. The budget that Cabinet recommends to Council must be based on reasonable estimates of expenditure and income, and take account of:-
 - outturn forecasts for the current year;
 - guidance from the Chief Finance Officer on the appropriate level of reserves, balances and contingencies;
 - financial risks associated with proposed budget developments, reductions and ongoing projects;
 - affordability of prudential borrowing over the period of the council's financial forward plan;
 - medium term plans and forecasts of resources
 - any use of balances to finance recurrent expenditure is supported by an explanation of how funding will be dealt with in the medium and longer term.
 - recommendations from the external auditor on matters such as the level of reserves and provisions.
- iv. The budget recommended by Cabinet to Council will incorporate the latest projection of income from fees and charges. During the year Cabinet Resources Committee may approve changes to fees and charges, including the introduction of new charges.

The budget process

This council has taken a strategic multi-year approach to budget development for many years. Barnet also has a Medium Term Financial Strategy (MTFS) to formalise the council's financial aims and intentions and consult local stakeholders as to whether these are consistent with their needs. The strategy is included as appendix A.

A preliminary assessment of the 2009/10 budget was set out in the Financial Forward Plan approved by Council in March 2008 based on information available at the time on Government grants and local spending requirements. This included a forecast that further budget reductions of £9.09m were needed to achieve a council tax increase of 3.5%. Based on past years budget experience, the plan included a £5m contingency for new budget pressures. This model was used as the base for the 2009/10 Budget and Forward Plan.

The Chancellor's Pre-Budget Report in November 2008 confirmed that future public spending will be extremely tight, especially for non-school local government services. Given the commitments in the MTFS, the financial position of the council will be even more challenging and that savings at about or above the level of previous years (i.e. £12 - £15 million) will be needed. This presents a major challenge given the £59m of savings already achieved by the council in previous years.

The council has already implemented strategy to take early action in planning for future years budgets by:-

- reducing the council's overall cost base
- challenging existing budget provision and continuing inflationary pressures through further efficiency savings
- enhancing the approach to Value for Money across the council
- continuing the policy led delivery of budget
- reviewing fees & charges

In addition, the council is undertaking the Future Shape programme which is a comprehensive review of the way services in Barnet will be provided in future. The results of the programme will have significant implications that will impact on the MTFS and Financial Forward Plan.

The results of the budget process were presented for public consultation at Cabinet on 6 January 2009. The Overview and Scrutiny Committees (except Cabinet OSC) have reviewed the relevant budget details for their terms of reference.

The committee for Supporting the Vulnerable commented that they had considered the draft budget headlines and had the opportunity of questioning Officers and the Cabinet member in relation to the same. However, the Committee believed that it would have been more productive to have had more budget information to consider the budget in significant detail.

Revised requirements for 2008/09

The last budget monitor reported to Cabinet Resources Committee on 19 January forecast balances of £13.863m at 31 March 2009, and an update will be reported to Cabinet Resources Committee on 5 March 2009. The position is discussed later in the report as part of the Chief Financial Officers assessment of the budget in terms of balances and reserves.

The current position of the HRA is also set out later in the report. Any variations are to be met from the accumulated HRA balance.

The National Framework and 2009/10 Settlement for Barnet

The Local Government Minister announced the provisional settlement on 26 November 2008. As expected, there were no changes to the provisional figures for 2009/10 formula grant announced in the previous year as part of the three year grant settlement. Consultation on this closed on 7 January 2009. The Final Settlement was debated in Parliament on 3 February 2009.

The figures for 2011/12 are still provisional, leaving the door open for Ministers to make changes, which is identified as a risk within the Chief Finance Officer's report because of the exceptional circumstances facing the UK economy and the impact on public finances. Nationally, Formula Grant has increased by 2.8% in 2009/10 but in London the borough average increase is only 2.0% (1.8% for Inner London and 2.0% for Outer London), with an increase of 2.6% in 2010/11.

The Settlement continues the system of 'floors' without ceilings. All authorities above the floor contribute a fixed proportion of their excess above their floor to finance the floor authorities. The minimum grant increases for education and social services authorities in 1.75% in 2009/10 and 1.5% in 2010/11.

A summary of Barnet's grant settlement is set out below. The percentage increase is adjusted for prior year grant changes to enable a like for like comparison.

Grant Elements	2008/09	2009/10	2010/11 Provisional
	£'000	£'000	£'000
Relative Needs Amount	87,495	90,606	93,300
Relative Resource Amount	(61,913)	(62,109)	(62,219)
Central Allocation	62,375	64,561	66,679
Floor Damping	2,100	(1,108)	(3,204)
Formula Grant	90,057	91,950	94,556
Cash Increase £'000	2,109	1,893	2,606
Adjusted Increase %	2.00%	2.21%	2.90%

Barnet contributes to the cost of the grant floors as it is above the minimum grant increase for 2009/10 and 2010/11. Even so, every year represents a poor settlement for the council as inflation and other pressures on a base budget around £240m will always greatly exceed the increase in grant funding on a base budget of around £92m.

Area Based Grant (ABG) is the amalgamation of existing specific grants and new money for new initiatives. As with Formula Grant, ABG comes with no conditions and is not ring-fenced. A significant difference to Formula Grant is that ABG has no floor protection so it can be reduced in later years.

Cabinet Resources Committee on 28 April 2008 agreed to amend the base budget by removing the former specific grants from service budgets and centralising ABG to facilitate a corporate approach to determining spending priorities in future and avoiding any erroneous suggestion that a service budget cannot be reduced because it is funded by ABG. New ABG and further allocations over and above that approved by the Council in March 2008 are held centrally pending decisions on spending priorities by Cabinet Resources Committee; this includes Working Neighbourhood Fund and Preventing Violent Extremism allocations which will be determined on a year by year basis and so have not been incorporated into the base budget.

The following table sets out the latest ABG allocations. In line with the decision by Cabinet Resources Committee, budget recommendations are based on local priorities rather than changes in the ABG allocation. Therefore, additional ABG in 2009/10 is only reflected in service estimates where a spending priority is recommended. The provisional 2010/11 figures reflect Supporting People Grant being amalgamated into ABG which hides a base budget reduction in 2010/11 of £0.295m.

Area Based Grant Allocations	Base Budget	New Grant	Total
	£	£	£
2008/09 Original	13,154,630	0	13,154,630
2008/09 Revised	13,154,630	1,011,500	14,166,130
2009/10	13,872,850	449,810	14,322,660
<i>2009/10 Increase over 2008/9 Original</i>	<i>718,220</i>	<i>449,810</i>	<i>1,168,030</i>
2010/11 Provisional	21,380,880	475,490	21,856,370
<i>2010/11 Increase*</i>	<i>(295,420)</i>	<i>25,680</i>	<i>(269,740)</i>

* Excludes Supporting People Grant transferred to ABG in 2010/11 of £7,803,450

The estimated Dedicated Schools Grant for Barnet is £202.134m. This figure is subject to change dependant on pupil numbers and will not be confirmed by DCSF until May or June.

The Government's guide to the Settlement is available at their website, at the following address: - <http://www.local.communities.gov.uk/finance/0910/simpguids.pdf>

Capping

The Minister's statement on the Settlement included an expectation that council tax increases in England should be substantially below 5% and that he would not hesitate to use reserve capping powers to protect council tax payers from excessive increases. Further details on the capping regime are set out in appendix E.

Council budget 2009/10

Following receipt of the Provisional Local Government Finance Settlement, Cabinet's draft budget proposals were announced at Cabinet on 6 January 2009. Incorporating £11.92m of efficiency savings and budget reductions, the provisional council tax increase was 2.81%. The budget being recommended to Council on 3 March 2009 is set out in detail in appendix C. The recommended increase is unchanged from that announced at Cabinet.

The latest RPI (December) available at the time of finalising this report stands at 0.9%, a fall of 2.1% over November, the biggest one month fall in 28 years. A significant part of the fall is due to cuts in mortgage interest payments, house depreciation and the VAT rate reduction, all of which have little or no impact on Barnet's short term costs; this is due to:-

- most council borrowing being long term at fixed interest rates,
- interest reductions actually reducing the council's interest earnings and
- VAT not being a cost to the council as it is fully recoverable.

The RPI-X (which excludes housing costs) is at 2.8% and is a better indicator of council costs. Respected economists and the Bank of England are forecasting deflation in the near future but inflation rising again later in 2009/10 which is indicative of the current economic volatility.

The draft budget tax increase incorporated pay awards and inflation of 2.5%. The recommended budget now provides for 2.0% on the basis that the saving will be retained in a central contingency to meet in year inflationary pressures above 2% and the risk that implementation of some of the proposed reductions may slip so that the full saving cannot be achieved in 2009/10.

The tax increase includes a £1m contribution from higher than expected interest earnings in 2008/09 having been set aside in provisions and being applied to reduce the council tax increase. This is to recognise the impact of the credit crisis on residents and that during exceptional times the council should look to additional measures to support the community. At present, a larger contribution cannot be recommended and it is not possible to make any commitment to continuing this in later years which is reflected in the medium term financial plan.

Levies are included as notified except for the concessionary fares settlement. The 2009/10 concessionary fares settlement for London includes a reduction of £19.9m for non-residents bus travel rebate in respect of 2008/09. This reduction artificially reduces the 2009/10 levy which will result in a large increase in the 2010/11 levy when the rebate drops out. London Councils officers suggested that the 2009/10 settlement be adjusted by a £20m reserve to be used to mitigate the increase in 2010/11 and later years. This was rejected by elected members and the reduced levy agreed. In recognition of the impact in 2010/11, the council budget for concessionary fares is set at the level suggested by London Councils to provide a reserve to smooth later years' increases so that £0.923m can be set aside to offset the increase on Barnet in 2010/11 and future years.

Setting the budget is an extremely complex exercise, made more so by the recession. There are several significant issues and proposals that have been considered in detail as part of the budget process with the aim of setting a robust and balanced budget to achieve the Corporate Plan objectives and align with the Medium Term Financial Strategy. These are reported in more detail later as part of the Chief Finance Officer's assessment of the council's financial standing.

Consultation on changes to the Fairer Charging Policy

Cabinet approval is requested to undertake public consultation in line with national guidance on the fairer charging policy covering non-residential charges. The Department of Health has recently issued a consultation paper on charging for services. This paper will be reflected in the consultation process as appropriate.

Adult Social Services in Barnet like other local authorities are facing unprecedented demand linked to demographic pressures, increased public expectations and changing patterns of service delivery compounded further by Barnet Council being a floor authority. The Local Government Association in 2008 stated that a “Triple whammy of poor central government funding, increasing demand from an ageing population and escalating costs have placed huge pressures on adult social care services”

The Commission for Social Care Inspection in October 2008 in report 'Cutting the Cake Fairly' reviewed how councils were using eligibility criteria as a way of rationing social care to its population. With increasing pressures on revenue budgets, CSCI found that councils have reduced funding on preventative services and raised eligibility thresholds in order to help achieve balanced budgets.

The medium term financial strategy for Adult Social Services does not contain changes to the eligibility criteria and sets out continued programme of work to support people in their own homes through individualised budgets as an alternative to residential care. In order to achieve this, the council needs to ensure that income through charging for Adult Social Services is maximised in a fair way to maintain the portfolio of services needed to meet needs.

Councils are able to charge for homecare and other non residential care services (day care, supported living, transport). Currently Barnet only charges for homecare, meals at home and 'lifeline' services. The basic requirements under the guidance are that charges should be based upon a means tested assessment except where the charge is small and can be deemed as a living expense.

Officers have examined a range of options and sought comparisons with other authorities. The proposals contained within this report have been developed throughout the year.

It is extremely difficult to assess the precise impact on the budget and hence the figures contained are very cautious. It is not possible for example to identify the impact upon service demand.

The reasons for change are threefold:

- The proposals would increase income to the department and be available to fund other urgent service priorities.
- The existing policy is not fully compliant with the national guidance.
- The current scheme was agreed by cabinet in 2002/3 and that has been carried forward each year.

The proposals are detailed in recommendation 1.22 (a) to (f)

Consultation on Sheltered Accommodation and Welfare Rights Service

Extensive consultation on the proposal for sheltered accommodation started on 9 February 2009. The results of this consultation, together with Welfare Rights Consultation will be presented to Cabinet when completed for full consideration and no decision will be confirmed pending the results of the consultation. However, whilst there is no change to the Budget Headline savings of £0.95m and £0.18m, the £1.4m central contingency provision provided by the 0.5% reduction in inflation will be available if these savings are not implemented and no alternative proposals can be identified.

Chief Finance Officer's Report on Balances and Reserves

The Local Government Act 2003 places a duty on the Chief Finance Officer to report to Council as part of the budget process on the robustness of the estimates and the adequacy of the proposed financial reserves.

Professional guidance published in January 2003¹ and November 2008² by CIPFA recommends that account should be taken of several key financial assumptions underpinning the budget alongside the council's financial management arrangements. The council's Financial Regulations³ reflect this guidance as set out above in Constitutional Powers, paragraph 8.1 (iii)

The Chief Finance Officer's review, recommendations for General Fund and Housing Revenue Account balances and impact on decisions that Council must make on the 2009/10 Budget follows.

Services' record in delivering budget developments & reductions

Barnet has a history of poor grant settlements with the council on the grant floor in four out of the seven years to 2009/10. In 2003/04 the settlement did not even provide sufficient grant to achieve the required level of "passporting" to the Schools Budget, which required an additional contribution to be made from council tax. From 2006/07 to 2008/09 the council has received only the minimum grant increase, which has been insufficient to meet inflationary pressures let alone pressures from increased service demands and the cost of new capital investment.

Over the seven year period 2003/04 to 2009/10, the council has budgeted to deliver efficiency savings, service reductions and increased income totalling £81m in order to compensate for the poor grant settlements and deliver low council tax increases. Because the Schools Budget is ring-fenced, these budget reductions had to be delivered entirely from the non-schools budget, which for 2008/09 amounted to £237m (55% of total net service expenditure). Setting aside capping, had these reductions not been made the Band D council tax in 2009/10 would have been 50% higher than now proposed.

Achieving base budget reductions in excess of £10m annually over seven years is a significant undertaking and some slippage in this is inevitable, and in respect to budget reductions accepted between 2003/04 and 2009/10 a total of £6m (7%) has been added

¹ LAAP 55

² LAAP 77

³ Financial Regulations, Part 1, Section 2.5

back to the base budget in subsequent years. However, £5.7m relates to the first four years which reflects the significant improvement in estimating and forecasting in recent years. In addition, since 2004/05, budget management control has ensured that any saving not achieved in year has been covered by making compensatory savings (see 'Capacity to Manage In-Year Budget Pressures' below).

Delivering savings of the level budgeted for in recent years is a substantial executive and management undertaking, which until December 2005 was not helped by having to respond to annual Government grant settlements just three months prior to the start of the financial year. Given this context I do not consider that slippage of this order gives any real cause for concern, but slippage has nonetheless occurred and is, therefore, a factor that must be taken into account in making a recommendation to Council on the level of General Fund balances.

On the other side of the coin is the risk that the cost of budget developments and pressures has been underestimated. The risk is low as in recent years the level of service developments (excluding base budget pressures and the cost of prudential borrowing) has not been significant (e.g. £1.0m in both 2006/07 and 2007/08 and £3m in 2008/09).

Developments are also provided for within the capital programme, where the risk of overspending or failure to deliver planned external funding contributions translates into revenue budget pressures through increased prudential borrowing and/or reductions in interest earnings on unused capital receipts. Over recent years there have been some overspends on capital projects, but there have also been improvements in the reporting of capital monitoring to Cabinet Resources Committee and the Capital & Assets Group has sought to improve the initial estimating of projects before they get incorporated in the capital programme.

In summary there remain significant risks to the council's ability to deliver efficiencies and developments within budget. Tighter budgeting in recent years has improved the delivery of savings and reduced the risk of slippage. Even so, slippage is still a possibility and would require a call on balances if compensatory savings were not identified.

Capacity to manage in-year budget pressures

Following on from the Section 11 Notice in February 2004 the council's financial standing, measured in terms of the level of balances, has considerably improved. The gross General Fund and HRA budgets in 2009/10 are £856m, but in terms of assessing financial risks it is more appropriate to combine this figure with fees and charges, income and specific grants, which produces a total just over £1.47bn. In commercial terms this

represents a significant level of “turnover” and variances from budget are inevitable, particularly when a significant amount of expenditure (e.g. adult and children’s services) and income (e.g. local land charges and planning fees) is demand-led. It should be borne in mind, however, that even just a 1% variance equates to nearly £15m.

In considering the council’s capacity to manage in-year budget pressures I have reviewed the budget volatility reported in budget monitoring during the current and previous five years. The position (excluding schools and the HRA) is summarised below, although it should be recognised that improvements in interest earnings have contributed significantly to the underspends shown, especially in the last four financial years:-

Outturn Year	Overspends £m	Underspends £m	Net £m	Interest Benefit included in Underspends £m
2003/04	15.4	(13.5)	1.9	0.00
2004/05	15.4	(16.5)	(1.1)	(1.76)
2005/06	8.9	(12.0)	(3.1)	(4.30)
2006/07	4.9	(7.0)	(2.1)	(4.25)
2007/08	3.7	(16.3)	(12.6)	(7.93)
2008/09 (M9)	3.3	(4.0)	(0.7) ⁴	(4.00)

As with the delivery of budget developments and reductions, I do not consider these in-year variances to be exceptional and management action has always enabled some savings to be identified in-year to compensate for overspends. Nonetheless, variances have occurred and are, therefore, a factor that must be taken into account in making a recommendation to Council on the level of General Fund balances.

Budget risks

The officer Key Priorities Board established four years ago has continued to work through the 2009/10 budget process, to monitor progress and make recommendations to the Council Directors Group and Cabinet. The process of peer challenge facilitates a policy review of all draft budget proposals and an assessment of the risk of non-delivery of savings. It also reduces the risk of “cost shunting” between services.

Council Directors Group and Cabinet have considered financial risks in developing the 2009/10 budget. Items considered to represent the greatest risk to the council’s financial

⁴ CRC on 19 January agreed that the £4m interest saving be set aside as a provision to meet budgeted interest earning shortfalls in 2009/10

standing are set out below. Items are grouped by whether they are service or corporate risks.

Adult Social Services

Client Transport

Transport will continue to be a risk as the costs of the new contract and volatile fuel prices are passed onto the services.

Block residential & nursing contracts

Ensuring that the usage of contracted beds is maintained just above the block contract requirement.

Continuing Care

There are ongoing risks relating to the pressure from health to reduce continuing care payments by reviewing clients and transferring them to social care.

Debt Management:

Client income - The raising of client invoices and debt management will continue to require close attention.

Day Service Modernisation and Direct Payments

As clients attending in-house day support services (Flightways & Community Network) are transferred to direct payments will then necessitate the reduction of fixed costs within services to ensure viability – e.g. reduction of staff costs; reduction / negotiation to end leases for transport.

Learning Disabilities Transfer

The transfer of financial responsibility & funding of clients with learning disabilities from the PCT to the council has yet to be finalised but must be in place by 1 April 2009. There are a number of risks associated with this, however there are also potential benefits for both parties as well as the clients.

Younger Adults Placements

Younger adult placements continue to experience extreme demand pressure which is being managed within the service.

Adult Care Contracts

Risk of being unable to hold contracts at provision agreed for inflation.

Changes in healthcare patterns

Moves to reduce lengths of stay and trend for acute hospital services to be delivered in the community could result more people requiring social services.

Deferred payments

Due to the present housing market, clients are finding it more difficult to sell their home to fund for residential care. The risk is that the council will be obliged to extend its deferred payments provision to cover these costs until these homes are sold.

Homecare Commissioning

Current contracts for homecare commissioning end in 2009 and 2010 thus requiring a re-tendering exercise. There is a risk that new contracts' costs will not be able to be contained within current resources.

No Recourse to Public Funds

The Slough judgement clarified local authority obligations with regard to asylum seekers who have no recourse to public funds. Although this could reduce the impact on local authorities, there remains the risk of legal challenge.

Care Providers

There have been increases in the number of care providers experiencing difficulties as a result of the current economic climate. Although none are known to be in grave difficulty at this stage, should a provider go into administration, Barnet might need to provide alternative care for those affected.

Children's Service

Base Budget - Dedicated Schools Grant (DSG).

The figure included in the budget (£202,133,730) is only an estimate, as the grant is wholly based on annual surveys of the number of pupils in schools and in under-5 settings as at January and these figures are still being collated by DCSF who will not finalise the grant figure until May. If children numbers are lower than anticipated, then the centrally retained budgets within the DSG will need to be reviewed, and savings made in year. In 2008/09 the DSG was finalised by DCSF in June 2008 and it was £426,290 (94 pupils) less than anticipated. This reduction was met from the carried forward underspend of DSG from 2007/08 of £246,000 and the remainder, £180,290 is to be met from managed underspends in the centrally retained budgets. Should the overall underspend in the centrally retained budgets not be sufficient, the remaining deficit will be the first call on the 2009/10 DSG budget. The risk of future pupil number variations will be minimised by officers continuing to review the pupil numbers information available before finalising detailed budgets for schools and central DSG budgets.

Children in Care

Recent events in relation to high profile child protection cases have led to an

increase in referrals to children's social care. It is not certain at this stage whether there will be a sustained increase in demand for assessment and/or additional placement costs for children in care.

Children in Need

Over the course of 2008/09 there has been a considerable and sustained increase in the number of children referred to the service, initial assessments undertaken and subject to a child protection plan. This has been further exacerbated in the wake of Baby P in Haringey. The table below illustrates the annual activity and the % change between average monthly caseloads for the period 2007/08 and 2008/09.

	Annual % Change	2008/09 (Apr-Dec)	2007/08 Full Year	2006/07 Full Year	2005/06 Full Year
No. of referrals rec'd		2,419	2,145	1,765	1,885
Average Monthly Referrals Received	50%	269	179	147	157
No. of initial assessments completed		1,745	2,026	1,635	1,660
Average Monthly Initial assessments completed	15%	194	169	136	138
Average No. children subject to a Child Protection Plan	14%	157	138	122	115

The increase noted solely in Child Protection Plans, represents the case load of 3 Social Workers. The child protection audit currently underway is looking to gain some understanding of this increase and additionally further data is being gathered in relation to contacts as significant growth over recent months is anticipated within this area also.

If numbers do not revert to 2007/08 levels the Service will experience difficulty allocating front line child protection work.

Social Care Task Force

Following failings uncovered at Haringey a National Task Force has been established to look at how social workers spend their time, what support and supervision they receive, examine staffing levels and identify what changes are needed to improve the service. They will report back to Children's Secretary Ed Balls in the summer of next year and recommendations therein may result in the requirement for additional funding.

SEN Transport

The council has a statutory duty to provide transport to ensure children and young people in a number of circumstances, get to school. Many local authorities are experiencing pressure due to increasing demand and the complexity of the needs of children requiring transport and associated escort services. The budget pressure in 2008/09 is forecast to be in excess of £700,000 and an annual

increase in the contract price above the inflation applied to the council budget will create further pressures. £400,000 growth has been allocated to support this service area in 2009/10 and other sources of funding are being investigated to mitigate the residual pressure of £300,000. For the reasons stipulated above this remains an area of risk for the Children's service.

Disabled Children

The Disabled Children's Service budget supports a range of respite and support activity including home support services for limited personal care support to children, access to play plans and funding of direct support payments to families. Expenditure is exceeding budget by approximately £215,000⁵ per annum as a result of many disabled children growing up with more significant needs than in the past, and in particular there is significant growth in autism. A number of measures have been taken to control the budget, but until the anticipated impact of the services commissioned with new ring fenced external funding are established and become effective a budget risk remains.

Demographic changes

Available data demonstrates a rise in the birth rate in Barnet during the last four years, with the most significant increases noted in the last two years. Based on past trends, we expect this rise to translate into a considerable pressure on primary school places, starting to emerge in a shortage of places in 2010/2011. We are already beginning to experience localised pressures that will shape our capital investment programme in 2009/2010.

Centrally Retained DSG - Pupil Referral Unit (PRU)

The revised statutory responsibilities relating to the educational provision for children excluded from school together with a rise in the number of permanent exclusions poses a potential risk of increased demand for PRU facilities and resources.

Early years

All schools and settings offering the free entitlement to 3 and 4 year olds for nursery education will have to increase the provision from 12.5 hours to 15 hours by 2010. Although additional funding is available from Government it is uncertain whether this will be sufficient for settings to offer the new entitlement with an increased flexibility of provision, as required. Additional support may be required.

Transfer of the Machinery of Government (MoG) - Post 16 Funding transfer

The arrangements for transferring 16-19 funding for schools and colleges from

⁵ As reported to CRC in monitoring

the Learning & Skills Council to local authorities commences in January 2010. Local authorities will be required to prepare commissioning plans in 2009/10 in readiness for the transfer of funding in 2010/11. The transfer of the responsibility for funding will have a part year effect in 2010/11 and full year effect from 2011/12. The level of resourcing to manage infrastructure arrangements is not known, nor is when the resources will begin to be transferred.

Education & Skills Act 2008

The key elements of the Education & Skills Act are:

- raising the minimum age at which young people can leave education or training to 18;
- placing a duty on young people, parents and employers to ensure or encourage children to participate in education or training until the age of 18;
- placing a duty on local authorities and providers in relation to young people with special educational needs (SEN).
- establishing an enforcement process and setting out a system of penalties.

This Act is merely one element in the reform of 14-19 learning of which an inherent financial risks is associated.

Review of the distribution for Dedicated Schools Grant from 2011/12

DSG for 2008/11 is distributed using the “spend plus” method, but there will be a review of the formula for distributing school and early years funding with the aim of developing a single formula based on relative needs and costs rather than current expenditure – this would be effective from 2011/12. The review will start from the premise that the ring-fence on DSG will remain, although Ministers claim that the review will examine the scope for greater flexibility in the use of DSG to support the delivery of Every Child Matters outcomes and implementation of the Children’s Plan. Any changes will need to consider transitional arrangements to dampen large gains and losses.

Capital - Building Schools for the Future

We have submitted a revised expression of interest to join the national programme as soon as possible. A decision is due in Spring 2009. Should our bid be successful, resources will be required to progress through the initial stages of the process. The cost of managing the project and running the procurement is not covered by grant and is not as yet budgeted for in the revenue budget or capital programme It is estimated that this could be in the region of 2-3% of a council's total BSF funding and initial indications are that this could be in the region of £5 - £7 million.

Capital – School projects programme slippage

The following school projects' income and expenditure profiles have changed which represent risk to the council in terms of external funding lapsing leaving the council with additional borrowing requirements⁶.

- £0.7m slippage is expected on phase 3 children's centre capital programme funded predominantly by Surestart grant. A programme is in development and will be presented to Cabinet for approval.

£1.56m slippage is expected on the Sure Start Early years and Childcare Grant. Proposals for expenditure are being considered by Cabinet Resources Committee on 5 March 2009.

Environment & Transport

North London Waste Authority (NLWA)

North London Waste Authority has commenced the process of awarding a new contract for waste disposal post 2014. This will be a contract for 30 years and will involve the building of new waste treatment or disposal facilities in some of the seven constituent boroughs.

The total cost of the reference project outlined by NLWA is around £3.4bn over the 30 years. In order to mitigate this cost to some extent NLWA has submitted a bid for PFI credits worth £501m, a decision on this funding is expected by April 2009.

Assuming PFI credits are received, the levy to Barnet is projected to double by 2015/16 with 2009/10 alone showing an above inflation increase of £1.4m. However, the future years' figures could potentially increase if PFI credits are not granted. The constituent authorities also need to reach agreement on a variety of organisational and technical issues before apportionment of total cost can be decided and before the project can proceed much further. An Inter Authority working group led by Barnet's CFO is addressing these issues, which include provision of household waste and recycling centres, collection systems, pooling of recycling targets and sale of recyclates.

Recycling Income

The new recycling contract commenced from October 2008. The contract allows for £1.4m of recyclate income per annum, which reduces the total cost to Barnet.

Although the quantity of recyclates being received is in line with our expectations, there is considerable volatility in the market price of recyclates, largely caused by

⁶ Recommendation 1.19 is applicable to this risk

changing access to the Chinese market which is the largest in the world. Although the contractor (May Gurney) does not sell materials collected in Barnet to China and is therefore not directly affected, there remains the possibility that the worldwide price will be reduced. The risk does not amount to the full £1.4m as the contract guarantees 50% of the assumed income is used to reduce the contract price whatever the market rate.

PFI Street Lighting

The PFI Street Lighting is now in the 3rd year of operation. During the life of the contract robust monitoring has enabled significant contractual deductions to be achieved that have largely offset the rising cost of energy.

The PFI funders have recently indicated that the continuing level of deductions are unacceptable to them and have asked to renegotiate some clauses of the contract. If the contract is renegotiated this is likely to reduce the contractual deductions achieved and increase the likelihood of overspends due to volatile fuel costs.

If the contract is not renegotiated there is a possibility that the funders will seek to withdraw from the contract or change the service provider. Although the council would be in a strong legal position in these circumstances, it is likely that there would be some service disruption and some cost of specialist legal advice.

Capital - Aerodrome Rd

Subsequent to the completion of the bridgework phase of the project, significant contractual claims were received from the main contractor relating to additional costs incurred during the project. The council has responded to these claims and has requested more information in some cases. Final settlement is expected later in 2009.

Work on the roadworks element of the project continues and is due to complete in May 2009. The risk of increased costs remains until all phases of the project are complete.

Planning, Housing & Regeneration

Housing and Planning Delivery Grant / Planning Income

The Planning service budget is supported by Housing and Planning Delivery Grant monies. The 2009/10 budget assumes that around £340,000 of Housing and Planning delivery grant will be received in 2009/10. As funding levels rely on Housing growth, the poor economic climate is likely to reduce the level of growth below previously projected figures. However, it should be noted that all local authorities are in a similar position and with the total funding level remaining fixed, our level of housing growth relative to other areas may remain fairly

constant.

Planning fee income fell sharply in the latter months of 2008. This trend is expected to continue during 2009, as developers look to avoid committing funds until they are sure the property can be sold promptly on completion. As fee income budgets amount to nearly £2m per annum, reduced activity in this sector represents a significant risk to the budget.

Local Land charges

The poor economic climate has led to dramatic falls in the level of Land Search income received as activity in the housing market has reduced to record low levels. This has compounded the existing drop in income due to increased competition from personal search companies. The income budget within Land Charges for 2009/10 assumes increased activity compared to 2008/09, but there is no guarantee that this will come to pass.

Furthermore The Local Authorities (Charges for Property Searches) Regulations and the Home Information Pack Regulations were updated by Central Government on 23 December 2008 and come into effect from 6 April 2009. Although the impact is still being evaluated, it is likely that these will require the council to reduce the price charged for Land Searches thus further reducing income levels.

Housing – Subsidy and viability of the HRA

The national housing subsidy system is a mechanism for redistributing resources between local housing authorities and in 2008/9 Barnet must contribute £10.9m to the pool. The subsidy settlement for 2009/10 increases the contribution to the pool by a further £2m and it creates a risk to the future financial viability of the HRA if repayments continue to increase.

Housing Subsidy.

The Government is in the process of reviewing council housing finance. It is as yet unclear about what approach the Government will take and whether this will lead to more or less money being retained within the subsidy system to be spent on the management and maintenance of council housing. The current system is delivering a surplus to the national finances. The Review is due to report in the spring of 2009.

Resources

Housing benefit subsidy

The net cost of housing benefit (£2m) masks the gross spend of £179m. Government has continued the recent trend of reducing subsidy into 2009/10

despite saying there would be no mid-term changes in responsibility; this further complicates budget planning with constantly changing regulations. Management action to counter the loss of subsidy is incorporated in the budget, but quite small changes (e.g. in subsidy rates) can be magnified by the scale of the gross expenditure.

Accommodation Strategy

Risks in future years arise from the present position of having moved away from freehold to leasehold accommodation, in the form of:-

- uncertainty on periodic rent reviews;
- our ability to downsize the amount of space we rent in line with reductions in the staffing establishment and introduction of alternative working arrangements (e.g. home and mobile working);
- dilapidations costs at the end of the lease terms

Corporate & Council Wide

Credit Crunch and Recession

The impact of the credit crunch and recession will have an impact across many council services during the scope of the medium term financial plan. The impact may increase existing risks levels as well as creates new ones. All risks affected by the recent extraordinary economic events are brought together here to highlight the exceptional scale of the challenge facing the council to maintain and meet increased service demands within limited and potentially reducing resources, balances and reserves.

- Children's Service
School Places - as parents increasingly exercise their choice for state education over private provision.
- Rents, fees & charges
These income streams total around £77m next year. The council has experienced significant income shortfalls in previous and current years including Land Charges and Planning Income which are mentioned elsewhere. Other areas that could be significantly reduced in a period of recession include Building Control income and a range of Highways income budgets relating to control of development work, as well as Section 106 contributions that support budgets in both Highways and Greenspaces.
- Council tax collection
Around £194m in council tax will be collected in 2009/10 to support the council and GLA budgets. Barnet has the largest taxbase in London and the 5th

largest in the country. Non-collection of council tax measured in fractions of percentage points can have a significant impact on the budget – the budgeted 1.5% non-collection rate amounts to £2.95m. Over-estimation of the tax base can have the same consequences and in the light of the down turn in the housing market, the forecast taxbase growth has been significantly reduced from previous years.

During a period of recession there is an increasingly greater risk of default on debt. Tax collection rates are being constantly monitored to identify any reduction in anticipated council tax cash collection so that action can be taken as early as possible to identify remedial action. The council is confident in its tax collection estimates for 2009/10 but later years will need to be re-assessed in the light of the economy and the impact on local tax payers.

- Business Rates

Problems have been reported in the collection of business rates (NNDR). This is a national tax and whilst there is a clear impact on the local economy, any shortfall in NNDR is a risk that should be managed by Central Government. In the short term any deficit will need to be met from the budget for Communities and Local Government. However, long term deficits may be passed onto local government through even lower grant settlements, possibly starting with the next spending review in 2010.

- Housing and Council Tax Benefit Payments

It is anticipated that increase in the demand for housing and council tax benefits will result in additional payments and also an increase in the work load handled by the Housing Benefits Unit and Council Tax Benefits Team. Unemployment and short hours working are expected to increase as economic activity reduces. “Buy to Let” landlords face repossession of properties if they are unable to keep up mortgage payments. Where this happens any existing tenant will have to move to a new address. Owner occupiers who default on mortgage payments may also lose their home and have to move. All of these will result in additional activity within the Housing Benefits Unit and Council Tax Benefits Team which have already taken steps to meet increased demand for benefits.

Without higher benefits take up, the loss of income due to reduced tax collection is likely to be much greater than any increase in costs.

- Council deposits in Icelandic deposits

The maximum impact of this risk is that the council is unable to recover any of monies deposited, though this is not expected to be the outcome. Actions

being taken to mitigate this risk were set out in detail in the report to Cabinet on 23 October 2008, and through the Chief Finance Officer's attendance at creditors' committee meetings. There was a follow up report to Cabinet Resources Committee on 19 January 2009.

The accounting treatment of any potential impairment is set out in CIPFA LAAPs 78 and 79 (provisional). At present there is insufficient information to determine the impact of these rules and as such there is a risk.

- Credit Guarantee Scheme (CGS)

Previous advice indicated that the Government's CGS scheme would cover council deposits to eligible UK institutions. However, recent updates have made it clear that the council's current deposits are not secured under this scheme and therefore remain at risk by default of counterparties. The Treasury Management Strategy being reported to Cabinet Resources Committee in March will advise on the steps taken to reduce this risk.

- Next triennial review of pension fund

The next pension fund review will be in 2010 and have budget implications from 2011/12. Actuaries have been reporting significant short term falls in pension fund assets to liabilities including a massive fall in the median funding level at 31 March 2007 of 85% compared to 68.2% at 31 October 2008. The immediate effect would be a 30%-40% increase in the average employer's contribution rate. Reports do emphasise that after allowing for particular circumstances that this will vary greatly between funds. Nevertheless it is indicative of potential volatility of pension funds in the short term.

However, long term planning is necessary and experts advise that there is no immediate need for any contribution increase for most employers. Employers are told to expect some upward pressure on contributions rate at the next valuation although the extent will depend on how much the market improves and structure of individual funds.

Whilst it is not possible to predict the outcome of the next review on current contribution rates, the level of future contributions by the council must be recognised as a medium term risk.

- Comprehensive Spending Review 2007

In a speech at Haringey in June last year Hazel Blears said that the government had no plans to re-open the funding settlement as there was little point in long-term budgets if they were going to be unpicked mere months in. However, the Pre-budget increase in the public sector efficiency target and CLG statement that provisional settlement figures will only change in exceptional circumstances leaves the possibility that the Government may look

to reduce the 2010/11 provisional grant figures to help finance increases in public sector borrowing due to the credit crunch.

- Interest and debt management

Normal daily fluctuations in interest rates can affect cashflow and short and long term borrowing. In-year net gains have provided an offset for some significant overspends in recent years, and have been the major contributor to the level of General Fund balances the council now has. Cabinet Resources Committee on 19 January 2009 agreed that the forecast £4m interest benefit in 2008/09 be set aside in a provision to meet any shortfall on budgeted interest earnings 2009/10. Should interest rates continue at current levels it will create a budget pressure in later years when the provision is exhausted.

- Regeneration schemes

The poor economic climate and the current housing and finance market place added risks on the estate regeneration schemes. Principal Development Agreements are in place on Grahame Park, West Hendon and Stonegrove. It is likely that these schemes may not progress in the timescales envisaged as a result of the housing market. The risk attached to this is that the Housing Revenue Account may have to maintain properties on the estates for longer than originally envisaged and costs to be recovered will be delayed.

- Financial standing of partners and contractors

The council has significant partnerships and contracts that deliver council services. The risk of external service providers failing is greatly increased by the recession as highlighted by the demise of many well known national companies in recent weeks. The council will continue to monitor contract performance as a means to identify service delivery problems as early as possible.

- Capital receipts

Prudent assumptions have been made on the level of capital receipts being generated in future years, based on experience and the impact of the collapse in the property market on land values and reduced development activity. It remains the case, however, that unless the council can complete a number of substantial deals over the period of the Financial Forward Plan, then the current annual increase in prudential borrowing the council is budgeting for will become unsustainable as the cost of financing this debt becomes an ever greater fixed element of the base budget. Where investment is dependant on disposing of redundant land, any slow down may impact on the level of resources available and require rephasing or delay to the programme, or

additional short term borrowing to bridge gap pending recovery of the market. The Primary School Capital Investment Programme is a key example where the potential fall in value of land earmarked for sale may result in a lack of capital resources in future years.

The council's Mill Hill depot forms part of the Mill Hill East Area Action Plan and the land will be disposed of as part of a Landowners Agreement. Relocation of depot services to the council site at Pinkham Way will be funded by receipts from the disposal, the value of which will be affected by the property collapse.

Regeneration Community Assets

There will be the ongoing running costs of community assets built by regeneration partners where they are net additions to the council's assets. This cost will need to be taken into account in later years.

Specific and Area Based Grants

2009/10 is the second year of the three year grant settlement, first announced back in November 2007. This means 2009/10 grant figures are final although 2010/11 details remain provisional. Until grants are confirmed there remains some specific grant risks which are addressed under the relevant service.

Area Based Grant (ABG) is the aggregation of various grants from different Government departments into a single grant paid monthly. ABG comes with no conditions and it is for the council to determine spending priorities. This enables the council to review and challenge expenditure that was previously "protected" as individual specific ring-fenced grant. This flexibility though comes at a price – ABG is now nothing more than a second allocation of Formula Grant, but with significant exceptions:–

- there is no floor protection at the end of the three year funding period,
- provisional grant may be reduced or converted back to specific ring-fenced grant if government departments so wish.

Litigation and legal issues

Legal Services are currently managing a significant number of actual and potential litigation cases from across the council. These have been risk assessed at a potential cost of £0.2m in total, a figure much lower than the worst case scenario. Significant specific legal items are set out below.

- Catalyst Housing Group (CHG)

CHG have made two deficit claims. The first in April 2007 in respect of the period April 2001 to March 2006, and a second claim in July 2007 for the year 2006/07. The sums involved have been reported previously to Cabinet

Resources Committee as exempt information. Both claims have been rejected by the council and are now in the process of independent arbitration. The separate capital risk relating to care home sites is no longer an issue.

- Carmelite Monastery

Following the Secretary of State's decision in June 2008 not to uphold the council's previous decision to make a Building Preservation Notice on this property, the council has received a compensation claim relating to the drop in market value in the intervening period. Legal advice is being sought but it is prudent to include this as a risk whilst the issues are being examined.

- Bestway,

Bestway, owner-occupier of the Parcelforce site in Cricklewood is challenging the council's UDP policy designation of their site as a strategic Waste Transfer Station relocation site as part of the wider Brent Cross Cricklewood Regeneration area. Bestway has also lodged formal objections to the outline regeneration application and have submitted their own application for alternative commercial and residential uses on their own site. The risk from this challenge is a policy and regeneration one which potentially could undermine the council's statutory development plan framework and frustrate or significantly delay the delivery of the regeneration proposals. There is also risk of significant costs in respect of legal challenges and planning appeals and public inquiry costs which potentially could run into hundreds of thousands. The council is closely managing these risks and has established a planning legal team to monitor Bestway to ensure appropriate steps and risk minimisation are followed over the coming months. Any legal challenge and potential risk of costs are unlikely to come forward within the next 3-6 months except normal planning appeals processes.

Capitalisation of redundancies

The council's strategy is to capitalise redundancies arising from budget decisions and major restructurings, but the ability to do this always rests on a Ministerial decision to provide the necessary Direction. Capitalisation approval for 2008/09 has been received. However, if this is not given in later years, the cost falls back on revenue. This risk is significantly increased by:-

- The Government conducting an annual bidding process against a cap set by the Treasury whereby capitalisation requests can be reduced in proportion to the excess of bids over the cap.
- The council's balances and reserves being at a sufficiently high level that Government regulations exempt it from bidding.

Pay awards and inflation

All service budgets face ongoing pay and inflationary pressures not fully recognised by Government grant settlements. There is a risk that the contingency provision based on a 0.5% reduction in inflation may be insufficient should there be significant variations to the budget savings and pressures included in the 2009/10 budget.

The volatility in fuel and energy costs represents a major risk for which some allowance has been made in the budget. Transport fuel costs rose steeply for the majority of 2008, before falling back in the last quarter of the year. However, prices remain above budgeted amounts and it remains difficult to accurately project future movements in prices. As an indication of scale the council's transport fuel bill exceeds £1m per annum and prices increased by around 40% during 2008. Fuel costs are highest within Environment and Transport, due to the necessity of using vehicles within the refuse, cleansing and highways services, but Adult Social Services and Children's services also have significant levels of vehicle use.

Additionally other energy costs (heat and light etc) also represent significant council budgets. Aside from building related costs the Energy contract for Street Lighting is due for renegotiation in September 2009, the current rate payable under the agreement dating from August 2006 is 7.21 pence per Kw/Hr, recent agreements in other Boroughs have been around the 11-13 pence per Kw/Hr range.

Pay and grading review

Single Status has been completely dealt with in Barnet, but there is ongoing work to do around equal pay reviews.

Market loans

Borrowing for capital investment comes from two sources, the Public Works Loans Board (PWLB) and the market. Volatility in interest rates has already been mentioned but there is an added risk in respect to the market loans taken out in the form of Lender Option Borrower Option loans (LOBOs). These tie the council into a fixed rate for an initial period of years, after which the lender has the option at regular intervals (the most frequent option being every 6 months) to change the interest rate. The borrower (the council) has the option of accepting the rate change or repaying the debt, the decision being based on the rates currently in the market should the council need to refinance the loan. It is important to stress that the risk here is not whether the borrowing instruments are sound, it's the impact that future interest rate movements might have.

Changes to Statements of Recommended (Accounting) Practice

Changes to SORPs are not always just technical changes to statements in the final accounts; they can sometimes have a direct impact on the budget and council tax. The accounting treatment of the impairment of Icelandic Bank deposits has already been highlighted.

A long running proposal under review by CIPFA and the wider accounting standards community is accounting for depreciation, which could place “real” charges into the budget. This is different from the changes to regulations on the repayment of borrowing (i.e. minimum revenue provision – MRP) as depreciation is based upon current asset values irrespective of the method of financing. As an indication of the potential impact, notional depreciation charges exceed the MRP by more than £10m.

The new regulations require the council to agree a policy for the repayment of borrowing which will be incorporated into Treasury Management Strategy Limits.

Spending Review 2009

There is no information on government grant after 2010/11 as this will be determined by the next Government Spending Review which is due in the summer of 2009 although this is still subject to some doubt. It is almost certain that the current trend in reduced public expenditure growth will continue with zero or even sub inflation grant increases and that grant will continue to be redirected away from London. As previously mentioned, there is also the risk of reductions in Area Based Grant as it is outside the grant floor regime. Therefore, it is even more critical for the council to maintain its financial standing.

The next spending review is likely to incorporate updated population and tax base information. This may cause turbulence in the distribution of grant at a time when the government is keen to reduce the protection afforded by grant floors.

Barnet has moved above the grant floor in 2009/10 and 2010/11, however, forecasts of grant beyond these years is assumed to be a cash standstill based on the forecast reduction in public expenditure and potential losses resulting from changes to grant distribution.

Separate to the council’s resources, it is more than likely that the generous settlements received by schools and the Primary Care Trust in recent years could come to an end under the next spending review. Schools will need to understand and plan for the risk of greatly reduced government support. There is also the risk to the non-schools council budget by having these two groups in a worse financial position than for some time and the pressure they might then apply to the council to make up for it.

Barnet Financing Plan (BFP) - Colindale Case Study

The case study concluded that the crucial infrastructure investment required to meet growth targets in Colindale amounts to a real cost of £124m over a six year period to March 2014.

After allowing for Government growth funding and other contributions, the total net infrastructure cost to be met by the application of BFP is £39m requiring revenue financing costs of interest and repayments totalling £110m over 20 years. An analysis based on BFP principles, of future local revenue streams identified that real total income of up to £110m to 2034 could be available from capturing and retaining the proceeds of local revenues arising as a consequence of growth. However, this is untested in the UK and represents a massive financial risk to the council unless the government change their stance and agree to underwrite the financing costs of the council.

Future Shape

Cabinet on 3 December 2008 considered the Future Shape of the Council report which proposes a model for the council and its partners that will enable them to work more closely and effectively to respond to the needs and aspirations of people in Barnet and to translate these into priority outcomes, the delivery of which will significantly improve the quality of citizens' lives and their experience of the public service. The council's direct service delivery role may shrink as its strategic capacity expands.

In the short term there is the risk that savings may not materialise or be insufficient to replace balances used to fund the assessment and any future procurements. In the longer term, financial risks will need to be fully assessed once the detailed proposals are finalised.

Capital – Capping of Prudential Borrowing

Since the introduction of Prudential Borrowing, the Government has retained reserve powers to limit local government borrowing, either due to national borrowing exceeding macro targets or at the local level where individual authorities could be nominated as using excessive borrowing. Restrictions on planned borrowing could seriously hinder the council in achieving its corporate objectives. To date, this power has never been invoked but it remains a potential risk, especially with the slow down in economic and public sector growth combined with huge increases in government borrowing to bail out banks and support the economy.

Relevant External Audit comments

The council was served with a Section 11 Notice by the External Auditor in February 2004,

as part of the Annual Audit Letter for 2003/04. The primary concern of the External Auditor at that time was the level of balances and insurance provision. Subsequent annual External Audit reports have highlighted the council's positive and rapid progress in rebuilding balances and provisions but have also emphasised the need to maintain adequate balances of at least £10m (excluding schools).

The External Auditor's report for 2007/08 noted that the level of cash reserves as compared to other neighbouring authorities is now above the average and is encouraging as in past years the level of revenue reserves has been relatively low. However, it should be noted that for 2007/08, Barnet's combined balances and reserves represented only 2.44% of gross expenditure and income which, in contrast to the cash position, ranked the council only 27th out of the 33 London boroughs (see appendix G). This is clear evidence that Barnet continues to work with low balances compared to the rest of London when the size of each authority is taken into account.

Members are reminded that previous years' comments by External Audit that the council should continue to maintain adequate levels of reserves as a cushion against unplanned expenditure in future years still holds true.

General Fund balances

The following summarises the forecast of General Fund balances, including all recommendations agreed by Cabinet Resources Committee at the meeting on 19 January 2009. On 4 February, the Minister for Local Government announced details of the proposed payments from the release of the £100m of Local Authority Business Growth Incentive Scheme (LABGI) in respect of the 2008/09 contingency funds held back pending further legal challenge. It is anticipated that the payment will be made soon after consultation finishes on 19 February and the provisional allocation is included in the forecast balance below.

The forecast interest saving of £4m reported to Cabinet Resources Committee will be transferred to reserves and provisions and so is not shown below as there will be no addition to the General Fund balance.

	£m
Balances @ 31 March 2008	17.447
Forecast Variations in 2008/09	(3.262)
Allocations agreed from balances	(0.912)
LABGI 2008/09 (provisional allocation)	0.761
Forecast Balances @ 31 March 2009	14.034

The council entered 2008/09 in a strong financial position with general balances of £17.447m (excluding school balances), well in excess of the balances available in recent memory. This position provides the council with more flexibility to meet the challenges it faces. The latest monitoring report to Cabinet Resources Committee shows that directorates are currently projecting a £4.174m call on the General Fund due to net overspending and agreed allocations. This projection and LABGI results in a reduction in General Fund Balances from £17.447m to £14.034m by 31 March 2009 which is £0.966m below the current £15m target and represents a 19.6% reduction in the balance, including base budget pressures that will impact on the 2009/10 budget.

Since 2006/07 I have recommended £10m as minimum balance and, in 2008/09 recommended a target of at least £15m in balances to meet risks. Since 2006/07 Barnet's gross turnover has increased substantially. In the light of the reported risks being reported now and the economic crisis, the council needs to consolidate and if possible, strengthen its financial standing.

This is the fourth year of the council formally determining the appropriate level of General Fund balances. The £10m minimum was set at a time when the council's finances and balances needed rebuilding which has been achieved and more. To consolidate and embed the current financial strength further, the minimum balance should be raised to the target of £15m, to provide a permanent flexibility and buffer against short term overspending and unforeseen pressures whilst also enabling the council to take advantage of invest to save initiatives such as Future Shape. In the light of the final 2008/09 outturn, the council should identify in year savings and any windfall gains in 2009/10 to ensure balances by 31 March 2010 reach the recommended balance.

General Fund Specific Reserves

The Capital Projects reserve provides for one-off expenditure across the capital programme that does not meet the test for capitalisation, and is also available to meet exceptional costs in delivering capital receipts. The Restructure Reserve provides for severance costs should the necessary Ministerial Directions to capitalise not be obtained. The other significant reserve is for litigation costs. Most of these reserves are likely to be exhausted within a couple of years and Cabinet may need to be make further provisions for these in later years of the Financial Forward Plan, in accordance with the policy set out in the Medium Term Financial Strategy.

General Fund Specific Reserves 2009/10 (£'000)	Opening Balance	Potential Changes	Closing Balance
	£'000	£'000	£'000
Capital Projects	5,100	(3,000)	2,100
Restructure Reserve	3,842	(3,000)	842
Utilities Reserve	250	(250)	0
IS License Reserve	470	(470)	0
Litigation	2,008		2,008
Interest Earnings	4,000	(4,000)	0
	15,670	(10,720)	4,950
<u>Committed Later Years</u>			
PFI Street Lighting	2,677		2,677
Lottery	90		90
Totals	18,437	(10,720)	7,717

Summary and Recommendations of the Chief Finance Officer

The council is required by the Local Government Act 2003 to take into account advice from its Chief Finance Officer on the level of balances and reserves. It is also required to take into account any relevant advice provided by the External Auditor.

LAAP⁷ Bulletins are intended to provide guidance that represents good financial management and which should be followed as a matter of course. LAAP Bulletins 55 and 77 are guidance notes on "Local Authority Reserves & Balances" that advise that if the advice of the Chief Finance Officer is not accepted, this should be recorded formally in the minutes of the Council meeting that approves the council budget. LAAP 55, Section 7.2 of this guidance states:-

The level and utilisation of reserves will be determined formally by the Council, informed by the advice and judgement of the CFO. To enable the Council to reach its decision, the CFO should report the factors that influenced his/her judgement (in accordance with paragraph 6.2) and ensure that the advice given is recorded formally. Where the Chief Finance Officer's advice is not accepted this should be recorded formally in the minutes of the Council meeting.

There is no formula for calculating the appropriate level of balances, but it should be determined after taking into account the financial risks facing the council and the

⁷ Local Authority Accounting Panel (LAAP)

opportunities for the council to explore initiatives such as Future Shape and the Barnet Financing Plan. The council can certainly be managed with lower balances, but this creates a serious risk of every adverse budget variation during the year becoming a crisis. The council's decision making would be continually overshadowed by a weak financial position, diverting executive and management attention from all the other corporate priorities around service delivery.

The level of council balances will also have a direct link to the council's score on Use of Resources as part of CAA in future. Within that context, a low level of balances also reduces the council's ability to take risks and so reduces the opportunity to make innovative improvements to service delivery and deliver further efficiency savings.

Having taken into account the forecast level of balances and specific reserves at 31 March 2009, the Chief Finance Officer's recommendation is that General Fund balances should not be allowed to fall below £15m by 31 March 2009. This is in the light of the risks set out in this report and the economic recession. Also, any drawing from balances to meet recurrent expenditure must be made good in the following year's base budget, which would compound the risks in that year and weaken the council's financial standing should the minimum level be breached.

Cabinet also needs to continue its rigorous budget monitoring during the coming year and claw back a windfall of underspends to the centre.

In responding to these recommendations, Cabinet and the Council must decide what it considers to be the appropriate level of balances given all the factors set out by the Chief Finance Officer. If it considers an appropriate level to be less than the £15m recommended then it must recognise that this decision must be recorded at the Council meeting that sets the 2009/10 budget and council tax.

Prudential Borrowing

The Prudential Code enables councils to borrow without Government approval, subject to the cost of borrowing being affordable in future years. The poor settlement outlined in this report makes no provision for any increase in any borrowing over 2008/09. Nevertheless, the Financial Forward Plan provides for affordable prudential borrowing as set out in appendix B, over the next three years. Provision for the additional cost of this borrowing has been contained within the recommended budget. The Council should recognise this considerable achievement and approve the level of prudential borrowing set out in appendix B.

Housing Revenue Account

The Local Government & Housing Act 1989 requires the Housing Revenue Account (HRA) to be maintained as a ring-fenced account and prescribed the debits and credits for it. Any surpluses generated from the HRA can be used to support the account when it fails to break even and for any one year a budget can be set such that there is a drawing on balances, but it is not permissible for an overall HRA budget deficit to be set. It is for the Council to determine what level of balances should be maintained. At 31 March 2008 the HRA balances were £4.164m, and forecast to be £4.506m at 31 March 2009 at the Cabinet Resources Committee on 19 January 2009.

The principal items of expenditure within the HRA are management and maintenance costs, together with charges for capital expenditure (depreciation and interest). This is substantially met by rent and service charge income from dwellings, garages and commercial premises. However, the national housing subsidy system is a mechanism for redistributing resources between local housing authorities and in 2009/10 Barnet has to contribute £12.9m to the pool – this contribution is increasing annually. This year's settlement includes a two-year arrangement for guideline rents which will lead to a similar rent increase in 2010/11. The Government's Review of Council Housing Finance is nearing completion and is due to report in Spring 2009.

It has been the practice in earlier years to use some of the surpluses generated from the HRA to finance capital investment in the housing stock as capital resources are scarce. This can only be done in future if the level of balances is high enough to meet any contingencies that may arise. The immediate issue for the HRA is, therefore, to return to a position of budget surplus to maintain a healthy position and generate further resources for capital investment.

The financial forward plan for the HRA currently shows a draw down on balances for all but the coming year. This position cannot be sustained in the long term and the council together with Barnet Homes is reviewing the business plan with a view to bringing the HRA back into surplus in future years. There is clearly a high risk with the HRA at present and the position will need to be closely monitored.

For Decision by Council

Council should, taking account of all matters set out in this report, determine what it considers to be the appropriate level of General Fund balances and note the position on the HRA balance.

Greater London Authority

The Greater London Authority (GLA) precept incorporates the following budget requirements:-

- Mayor's Office
- GLA Assembly
- Corporate administration
- Transport for London
- London Development Agency
- Metropolitan Police Authority
- London Fire & Emergency Planning Authority
- 2012 Olympics and Paralympic Games

The Mayor issued his draft budget for consultation on 11 December 2008, proposing a freeze in the precept. His final budget was considered and agreed by the London Assembly on 11 February 2009. A summary of the levy is set out below:-

GLA Functions	2009/10	2008/09	Increase
	£	£	%
Metropolitan Police Authority	224.34	227.02	(1.18)
London Fire & Emergency Planning Authority	53.41	50.46	5.85
Transport for London	4.06	4.09	(0.73)
Greater London Authority	9.50	10.15	(6.40)
London Development Agency	0.00	0.00	-
Olympic Surcharge	20.00	20.00	-
Surplus on Borough Collection Funds	(1.49)	(1.90)	21.58
Total GLA Group	309.82	309.82	0.00

Collection Fund

On the statutory date (15 January 2009) the Chief Finance Officer forecast the collection of previous years' council tax, as at 31 March 2009. This calculation identified a surplus on the Collection Fund of £0.975m, which has been allocated between Barnet and the GLA – Barnet's share being £758,430. The surplus results from more new properties being completed than forecast when setting the 2008/09 tax base together with improvements in collection following investment in new staff and systems. The estimated collection rate for 2009/10 remains 98.5%.

Council Taxbase

There are two measures of the taxable capacity of the Authority. The first is the Inland Revenue Valuation Office list, which is adjusted for discounts and exemptions on the council tax system and is used by Government in Formula Grant calculations. The second is used for tax setting purposes and is a calculation made by the Chief Finance Officer, representing the estimated taxable capacity for the year ahead and incorporating the estimated collection rate.

Under delegated powers, the Chief Finance Officer has determined the 2009/10 taxbase to be 136,605 (Band D Equivalents) – the calculation is set out below:-

Council Taxbase	Band D Equivalent	
	2008/09	2009/10
Number of properties	158,390	160,013
Estimated discounts	(18,258)	(18,908)
Estimated other changes	(2,400)	(2,692)
Total Relevant Amounts	137,732	138,413
Estimated non-collection (1.5%)	(2,066)	(2,076)
Contribution on lieu of MoD	278	268
Council Taxbase	135,944	136,605

Council Tax

The calculation of the council tax for Barnet is set out below:-

Budget	2008/09	2009/10
	£	£
Total Service Expenditure	250,656,520	260,099,570
Contribution from balances	0	(1,000,000)
Area Based Grant	(13,154,630)	(14,322,660)
Budget Requirement	237,501,890	244,776,910
Formula Grant	(11,004,762)	(17,243,208)
Business Rate Income	(79,052,582)	(74,706,428)
Collection Fund Transfers	(250,800)	(758,430)
Demand on Collection Fund	147,193,746	152,068,844
Council Taxbase	135,944	136,605
Basic Amount of Tax	1,082.75	1,113.20

The GLA precept is £42,322,961, making the total estimated demand on the Collection Fund £194,391,805.

The council is required to set levels of council tax for each category of dwelling. As there are no special items within Barnet's or the GLA's budgets affecting parts of the borough, there are only eight amounts of tax to set, as set out below:-

Council Tax Band	Barnet	GLA	Aggregate
	£	£	£
A	742.13	206.55	948.68
B	865.82	240.97	1,106.79
C	989.51	275.40	1,264.91
D	1,113.20	309.82	1,423.02
E	1,360.58	378.67	1,739.25
F	1,607.96	447.52	2,055.48
G	1,855.33	516.37	2,371.70
H	2,226.40	619.64	2,846.04

Individual council tax bills will reflect occupancy status with discounts for low occupancy (one or no adults) and exemptions for specific circumstances. In addition, some residents will be eligible for Council Tax Benefit. In 2008/09, approximately 19% of council tax payers claimed a full or partial council tax rebate.

Medium Term Financial Strategy & Financial Forward Plan

The Medium Term Financial Strategy (MTFS) was approved by Cabinet Resources Committee in March 2007 and is presented in appendix A. It provides a framework for future years' financial plans.

Forward financial planning is critical to support council performance and achieve its priorities. It is also a requirement under the Prudential Framework that decisions on the budget must be taken in the context of the Forward Plan, with particular attention being paid to the affordability of prudential borrowing over a period of at least 3 years.

An update on the Financial Forward Plan is attached at appendix D. Some key assumptions have had to be made in constructing this forward plan (e.g. estimated pay awards, inflation, levies, pension contributions, prudential borrowing, investment income), along with targets for efficiency savings and budget reductions. Quite small changes in these variables can have a significant impact on the final council tax figures.

The Settlement announced Barnet's provisional grant figure for 2010/11 which is incorporated into the Financial Forward Plan. The Pre-Budget report forecast a real terms fall in public spending of 2.5% of national income indicating cuts in many public services. Taking this into account, the plan assumes no increase in formula grant from 2011/12 assuming the government continue to provide some form of grant floors even if it is just to ensure no decrease in grant.

Members need to be fully aware of the "gearing" problem that establishment of the Dedicated Schools Grant has created. With the council's net budget in the order of £245m and Government grant in the order of £92m, there is already an in-built requirement to achieve considerable efficiency savings and budget reductions to cope with this funding ratio between council tax and grant of 1.7 : 1. Then on top of that, there is the likelihood of seeing the later years % grant increases being outstripped by % inflation increases on the £238m – and all this before any increased demand for local services, particularly those resulting from an increasing population or due to the recession.

This fundamental gearing problem simply reinforces the requirement to maintain balances throughout 2009/10, and where possible to increase them.

Housing Revenue Account

The Housing Revenue Account (HRA) is a statutory ring-fenced account covering all revenue expenditure and income relating to the housing stock. The council is required to construct a budget to ensure that the account for the year does not show a debit balance. 2010/11 will be the sixth year of management of the housing stock by Barnet Homes, and the summary HRA is shown in appendix C.

Rent restructuring

The Government introduced rent restructuring and convergence for local authority and registered social landlords (RSLs) over a 10-year period starting April 2002. All rents would be calculated on the same basis, with 70% based on average earnings for the region (adjusted for numbers of bedrooms) and 30% based on the valuation as at January 1999.

The Government consulted during the summer of 2005 on a 3-year review of rent restructuring, and implemented its proposals in 2006/07. These involved a re-calculation of base formula rents in line with those used for housing association properties, together with higher weightings for properties with three or more bedrooms.

Rents move towards a target figure for each property. This year, the Government has extended the deadline for convergence to 2023/24 for the purposes of calculating the guideline and formula rents. It is proposed therefore that rents be increased by an overall average of 6.2%, in line with the guideline rent. The increase to any individual property is limited to inflation (deemed to be 5.0%) plus 0.5% plus £2 per week (on a 52 week basis). Should rents be increased by less this would lead to a reduction in services.

Housing Subsidy

The trend of redistributing resources away from London has been continued in the 2009/10 subsidy settlement. Barnet is above target levels for management allowances and these have been cash-limited at 2007/8 levels, with no protection for inflation.

There is an additional £4 per dwelling added to the management allowance for the production of energy performance certificates, which are now required for each new letting. The management allowance has been set at £648.68 per dwelling. However the maintenance allowance has increased for 2009/10 by 5.7% to £1,221.13 per dwelling. The guideline rent increase reflects the restructuring referred to above.

The Major Repairs Allowance is also paid as part of housing subsidy. Barnet's allocation has increased by £483,000 from 2008/9 as the regional cost variations are now based on a three-year average. This therefore increases the resources available to fund the HRA-related capital programme.

Service charges

Service charges for tenants were introduced in 2003/04 for specific services (mainly caretaking), and it is proposed that these be increased in line with the overall rent increase cap of 5.5%. Charges for these services will not generally recover the full cost of their provision.

It is proposed, subject to consultation with tenants, to introduce a new service charge of 72p per week (48 week basis) to cover the installation and maintenance of communal digital TV aerials which will be provided through a programme over the next three years. The charge will be eligible for housing benefit and will affect approximately 3,675 tenants. Leaseholders affected, some 1,060, will be charged in the usual manner.

HRA summary and working balance

Total expenditure for 2009/10 is estimated at £55.040m, including payment of £12.824m to the Government in respect of housing subsidy. The proposed average rent increase of 6.2% and the increase in tenant service charges is estimated to raise £2.890m, before the effect of reduction in property numbers is taken into account.

Energy prices continue to be volatile with significant increases recently announced by several suppliers. It is necessary to pass these charges on in respect of space and water heating. Barnet Homes is presently undertaking a review of its supply arrangements in order to obtain the best value for money. It is proposed to increase these charges by 5% at this stage, but it may be necessary to review this further during the year.

It is proposed that rents for the council's hostels be increased in accordance with the general rent increase. Rents for the council's shared ownership schemes need to be brought in line with rent restructuring, and the maximum individual increase will be set at 5.5% plus £2, pro rata for the rented share of the property. It is also recommended that rents on garages be increased by 4%.

The HRA working balance stood at £4.164m on 31 March 2008, and it is anticipated that the HRA will make a small contribution of £0.342m to balances in 2008/09 (Cabinet Resources Committee 19 January 2009). The forward plan shows a balanced account in

2009/10, leaving forecast balances of £4.506m at 31 March 2010.

HRA Minimum Revenue Provision (MRP)

Unlike the General Fund, there is no requirement for the HRA to be charged with the MRP or its depreciation equivalent. The Government's removal of this legal requirement, combined with subsidy changes results in there being no equivalent reduction in debt unless a voluntary charge is made – without subsidy, which has to be found from within HRA resources. Barnet's current policy is to not make a charge which is robust from a legal perspective. The option of making a charge remains a consideration for the council should it prove beneficial to do so.

Capital Programme

Introduction

The capital programme sets out the plans for investment in buildings, roads, equipment, other assets and capital grants over 2008/09 to 2011/12 and beyond.

The recommended capital programme is set out later in the report. Decisions on the level of capital expenditure depend on the availability of various sources of funding. This includes capital grants, capital receipts, developer contributions and borrowing.

Government supports investment in two ways. Capital grants that are generally ring fenced to specific programmes (such as schools) or projects and is real funding to the council. This is in contrast to notional capital allocations that feed into either revenue Formula Grant or Housing Subsidy (referred to as supported borrowing). With below inflation revenue grant increases the reality is that the cost of borrowing is not funded by Government grant.

As such, the council can no longer base capital investment decisions on notional Government figures and must determine the level of investment in accordance with the self-regulatory Prudential Framework. Local authorities may determine the amount of capital investment they can fund by 'unsupported' prudential borrowing based on affordability, prudence, sustainability and good practice. Recently, the council has used prudential borrowing to modernise and maintain its infrastructure. This level of borrowing is not sustainable.

Capital Programme

New capital proposals are supported by a full business case, which detail the contribution schemes will make to achieve the council's priorities, all the available options for implementing the project and financial implications of each. The relative merits of each proposal are assessed within the context of available capital resources to produce a prioritised capital programme.

Provision for revenue costs (running costs and borrowing) are included in the revenue budget. Updated reports will be submitted to Members to confirm final costs. New regulations on minimum revenue provision require the council to agree the policy for repayment of capital. The policy is included as part of the Treasury Management Strategy and the revenue budget and forward plan allows for the increase in the statutory cost for the repayment of borrowing based on asset life rather the previous 4% Minimum Revenue

Provision on the capital financing requirement. The change is welcomed in that it requires the repayment of debt over the life of the asset.

The capital programme is now extremely reliant on external grants and prudential borrowing to fund capital borrowing. The only area of the current capital programme that capital receipts are expected to fund a significant part is PSCIP and the risk around this are outlined under the risks on page 33.

Barnet's refreshed bid for Growth Area Funding – Round 3 was just under £55 million. Although this was ambitious set against a limited national pot of £264 million which was over 3.5 times oversubscribed, Barnet received the highest award in London and is in the top six in the country. The total award for 2009-2011 was over £12m million based on a number of area bids and priorities for which Colindale was joint top priority. Cabinet Resources Committee on 19 January agreed that officers would develop proposals for the allocation of this funding to be brought to that Committee at a later date, after which the capital programme will be updated to include the schemes that are approved.

The Chief Finance Officer has already referred to capital projects that present a risk to the council along with the prudent assumptions made on capital receipts that will be available to support the programme. The planned funding of the capital programme is included in appendix B. General Fund borrowing is used to fund, on average, nearly 32% of the annual programme. The historical level of annual borrowing is not sustainable and Cabinet may need to consider using significant capital receipts generated in future years to repay borrowing rather than fund further expansion of the capital programme.

The programme has been subject to considerable slippage in previous years with some £63m of 2007/08 capital budget now included in the 2008/09 programme. The capital monitor to Cabinet Resources Committee for 2008/09 has so far only rescheduled £7m of capital expenditure. However, the capital programme incorporates further slippage that will be reported in more detail to Cabinet Resources Committee in March, although current slippage is still significantly less than 2007/08. Inevitably, delay still represents a significant risk, especially where the projects are funded by time-limited capital grants or the investment is budgeted to generate revenue savings. The updated capital programme reflects the latest estimates of slippage carried forward from 2008/09, but clearly until the accounts are closed the figures for each project are only provisional. This will require a review of project budgets during the first cycle of budget monitoring of 2009/10 and a re-statement of budgets in 2009/10 in the first budget monitor reported to Cabinet Resources Committee.

The HRA programme for the improvement of homes is managed by Barnet Homes. It has

entered into partnering agreements with the major contractors who will deliver the bulk of the programme until 2010/11. Funding is via the ALMO Decent Homes borrowing, other supported borrowing, the Major Repairs Allowance, capital receipts and contributions from leaseholders. Decent Homes borrowing approvals have been confirmed to 2009/10 and two of their partners will complete their programmes in 2009/10. The Government has announced that some allocations may be brought forward into 2009/10 from 2010/11 and Barnet Homes is reviewing the programme to assess the benefits of making an application.

The General Fund Housing programme totals £5m in 2009/10. It includes expenditure supporting housing association projects.

Treasury Management, Capital Prudential Code and Borrowing Limits

The Prudential Framework gives freedom to local authorities to invest as long as their capital plans are affordable, prudent and sustainable. The CIPFA Prudential Code sets out the indicators that local authorities must use and the factors that they must take into account to show that they have fulfilled these objectives.

The principal constraint on capital investment will be the financial impact on the council tax and rent levels of the housing revenue account, which will be reflected in the indicators of affordability. It will be for the Council to decide on an appropriate level of borrowing in relation to its net capital financing costs and the level of council tax and housing rents.

For 2009/10, Government has provided local authorities with a mix of revenue support for capital financing costs based on notional capital allocations and capital grants via the single capital pot, but it has still to decide whether to continue with the current arrangements or change the balance between revenue support for borrowing and capital grants as part of the CSR. The council has lobbied for capital support to be provided as capital grants because recent below inflation settlements result in there being no grant increase for new capital financing costs.

The financial indicators under the Prudential Code and the 2009/10 Treasury Management Strategy Limits requiring Council approval are set out in appendix C along with full details of their calculation and purpose.

The policy statement on the council's Minimum Revenue Provision for 2009/10 is also included as part of the Treasury Management Strategy Limits in accordance with the Government guidance issued on 28 February 2008.

Medium Term Financial Strategy

Introduction & Context

The Council is producing its first Medium Term Financial Strategy to formalise its financial aims and intentions and to invite comment from residents, local businesses, partners and other stakeholders as to whether these aims and intentions are consistent with their needs. It is also an important step in making the transition from producing single year budgets to having robust financial forward plans that reflect the position of the Council in the medium term.

The Council Constitution sets out how decisions are made including setting the Council budget. Whilst the Council budget sets out what those decisions are, the Medium Term Financial Strategy determines the underlying principles behind them and is key in driving the delivery of the Corporate Plan.

The Financial Forward Plan sits beneath the Medium Term Financial Strategy indicating future years' budgets and council tax levels. Those indications are based on the current available information and provides the starting point for the following year's budget.

Background

As a result of strong budgeting decisions and robust monitoring, the Council's general fund balances have risen steadily over the last three years. Balances have reached the minimum level of £10m recommended by both the Chief Finance Officer and the Council's external auditor.

This strengthened financial standing was enhanced by decisions made during the annual budget setting process where over £59m was removed from the base budget over a period of five years (2003/04 to 2007/08). This was achieved through making substantial efficiency savings to meet central government targets a year early and better managing growth in prioritised services through effective resource allocation by shifting resources away from non-priority areas. These savings took place in the context of diminishing grant allocation from central government including in 2003/04 not receiving sufficient grant to meet the required level that had to be passported to schools.

The improving financial management of the authority has been recognised by the external auditor and has recently seen the Comprehensive Performance Assessment Use of Resources judgement increase to a '3'.

Guiding Principles

The Council faces the prospect of very low grant settlements in the coming years through the Government's Spending Review, but at the same time will have to accommodate increasing levels of demand, particularly from demand led service areas over which the Council has no or limited control such as adults and children's services.

Despite these challenges, the Council is committed to keeping annual increases in council tax as low as possible and adheres to a set of key principles in the decision making process to support this . These principles are set out below:-

Medium Term Financial Health

- to maintain unearmarked General Fund balances at at least the minimum level recommended by the Chief Finance Officer (currently £10m) and supported by a financial risk assessment;
- to have a strong Treasury Management Strategy that maximises the Council's cashflow and investments;
- to continue to deliver efficiency savings of at least 3% every year and provide services that represent value for money
- to continually review the use of council assets so as to reduce the cost of accommodation year on year and to obtain best consideration for any surplus assets to maximise funds for capital investment and/or the repayment of capital debt;

Integrating Financial Planning with Service Planning

- to continually review services being delivered to residents and local businesses and re-direct resources from lower to higher priority services (in support of the Corporate Plan);
- whilst recognising the importance of maintaining investment in the Council's infrastructure, having adequately resourced corporate support services and ensuring all services are delivering value for money;
- in reviewing services, to prioritise service outcomes but also focus on service delivery mechanisms, taking into account the short and long term risks associated with alternative methods of delivering services;
- to require Cabinet Members and Directors to undertake risk based financial forward planning for their portfolios and services thereby improving the quality of decision making and reducing the risk from changes made to the annual council budget;
- to make use of fees and charges to supplement council tax and other sources of income, and to set these at a level that at least recovers all the costs of service delivery and income collection and recovery, other than in areas where there is a clear policy objective in support of the Corporate Plan;
- to maximise external funding in support of the Corporate Plan, whilst taking into account the full year effects on future years' budgets and levels of council tax resulting from grants that are time limited;
- to undertake capital borrowing in accordance with the Prudential Framework;

Budgetary Control

- to have adequate budget and project monitoring arrangements in place;

- to take decisions to re-direct resources in support of the Corporate Plan at any time during the financial year, rather than wait for the start of the next financial year;
- to maximise collection and recovery of income due to the Council;
- to establish earmarked reserves whenever possible during each financial year to meet future policy objectives, reduce the impact on future years' budgets and levels of council tax increases, and adequately provide for anticipated liabilities in the future;

Sound governance

- to comply with all EU and national procurement and contracting regulations, whilst also seeking to be innovative to improve service delivery and value for money;
- to recognise the role that partnerships can have in delivering services, but to enter these only when satisfactory arrangements for financial control, risk management and performance monitoring are in place.
- to have in place adequate anti-fraud and corruption arrangements, and to take robust action if and when fraud and corruption is identified;

Deliverables

Once adopted and implemented, the Medium Term Financial Strategy will support the Council in its move toward:-

- achieving the vision of “a smaller entity with a smaller, but more efficient corporate support function and a greater concentration of resources on outcomes” and use Shared Services as a lever to identify and obtain increased efficiencies across the Council;
- delivering high quality services whilst maintaining Council Tax increases below the rate of inflation;
- effectively link policy and service development and performance management with financial planning, aligning resources with corporate priorities and away from non-priority areas
- fully integrated capital and revenue financial planning;
- managing better the financial implications of unforeseen events, due to the maintenance of balances at a sensible level;
- achieving a level ‘4’ in the Comprehensive Performance Assessment Use of Resources judgement;
- having clear individual medium term financial strategies for each service area which details the delivery of the Key Priority Plans;
- having robust arrangements for the monitoring of budgets and resources throughout the year;

Financial Risk Management

The principal mechanism by which the Council will manage financial risks is through the establishment and maintenance of adequate reserves, balances and provisions.

Members will be informed about financial risks through a variety of mechanisms, including:-

- the annual financial risks statement by the Chief Finance Officer that accompanies the annual budget report;
- Key Priority Plans, which support the delivery of corporate priorities;
- regular budget monitoring reports and the annual financial outturn report to Cabinet Resources Committee;
- the annual Statement on Internal Control (SIC)¹, which is considered by the Audit Committee and signed off by the Leader and Chief Executive, and is the product of a corporate risk management framework incorporating service mini-SICs and Internal Control Checklists;
- the annual Use of Resources Assessment.

Links to Other Council Strategies

The Medium Term Financial Strategy supports and is supported by the following strategies and plans:-

- Sustainable Community Strategy
- Corporate Plan
- Organisational Strategy
- Capital, Assets & Property Strategy
- Treasury Management Strategy
- Debt Management Strategy
- Procurement Strategy
- Risk Management Strategy

¹ The Statement on Internal Control will be replaced by the Statement on Corporate Governance at the end of 2007/08

Glossary of terms

Audit Committee

Independent Committee that looks at the effectiveness of risk management and the control environment, and how this can be affected by the authority's financial and non-financial performance

Balances

The outstanding amount of money owed (or due) at a given date (usually the end of a financial period) after all payments and withdrawals have been accounted for. It can be positive (an asset) or negative (a liability).

Base Budget

Budget at the start of the financial year based on the previous year's outturn and adjusted for inflation, savings and growth items.

Cabinet Resources Committee

Cabinet level committee that monitors the use of the authority's resources to ensure they support the Council's priorities as set out in the Corporate Plan.

Chief Finance Officer

The corporate officer responsible for managing the financial risks of an organisation. Also responsible for financial planning and the communication of financial performance and forecasts.

Comprehensive Performance Assessment

Audit Commission's assessment of the authority's performance and the services it provides for local people. This is part of assessing the authority's statutory obligation to secure continuous improvement known as Best Value.

Corporate Plan

Review of the performance of the authority over the last twelve months and sets out priorities and targets for service improvement over the next three years.

Council Tax

The main form of local taxation in England, Scotland and Wales paid by residents to local authorities, the base of which is property value. Only contributes a small proportion (25% on average) of local government revenue.

Financial Forward Plan

Financial plan covering a period of at least four financial years (including the current one) reported in conjunction with the annual budget and updating throughout the year. Will cover revenue and capital budgets and will highlight how resources are being re-directed to address Corporate Plan priorities.

Grant settlement

The central government grant funding of local authority revenue expenditure calculated by the total amount that central government assumes an authority should spend (in line with national economic policy) in a given year together with the forecasted collection of Council Tax and other funding sources.

Key Priority Plan

Identification of service objectives and their contributions to the authority's key priorities, setting out targets and priorities for the current year and the next three years.

Internal Control Checklist

Review of the controls within the Council by all managers to ensure compliance with legislative requirements and local procedures.

Prudential Framework

The framework within which local authorities can be awarded greater freedoms in borrowing dependent upon their financial performance.

Reserves

Commonly used in the private sector to describe the shareholders equity in an organisation. In the public sector it is a reflection of the level of public funding in a public sector organisation.

Shared Services

Converged and streamlined operational functions of an organisation ensuring effective and efficient delivery of services. Consisting of the following services: IS Operations; HR Operations; Finance Support; Corporate Services; Revenue Services and the Service Desk.

Statement of Internal Control

Statutorily required document reviewing the Internal Controls within the authority that support the efficient and effective management of the delivery of services. Required to provide assurance that the Corporate Plan can be delivered.

Use of Resources

Element of the Comprehensive Performance Assessment that assesses how well the authority manages and uses its financial resources. Focuses on the following five areas: Financial Reporting; Financial Management; Financial Standing, Internal Control and Value for Money.

REVENUE BUDGET 2009/2010

	2008/2009		2009/2010
	Original Estimate	Current Estimate	Original Estimate
	£	£	£
<u>Council Services</u>			
Adult Social Services	90,830,100	90,876,040	90,735,060
Central Expenses	24,041,270	22,427,320	33,185,810
Chief Executive and Strategy	2,672,020	2,975,910	2,541,580
Children's Service (net of Dedicated Schools Grant)	58,043,120	58,457,180	57,835,310
Corporate Governance	8,801,060	8,559,980	8,772,000
Environment & Transport	28,101,880	30,384,420	28,666,770
Highways - Special Parking Account	(4,841,000)	(4,699,000)	(5,092,000)
Planning, Housing and Regeneration	3,737,930	3,728,630	3,560,270
Resources	39,270,140	39,868,760	39,894,770
Total Service Expenditure	250,656,520	252,579,240	260,099,570

REVENUE BUDGET 2009/2010

	2008/2009		2009/2010
	Original Estimate	Current Estimate	Original Estimate
	£	£	£
Total Service Expenditure	250,656,520	252,579,240	260,099,570
Contribution to / (from) Balances	0	(911,220)	(1,000,000)
Area Based Grant	(13,154,630)	(14,166,130)	(14,322,660)
BUDGET REQUIREMENT	237,501,890	237,501,890	244,776,910
Revenue Support Grant	(11,004,762)	(11,004,762)	(17,243,208)
Business Rates	(79,052,582)	(79,052,582)	(74,706,428)
Collection Fund Adjustments	(250,800)	(250,800)	(758,430)
BARNET'S DEMAND ON THE COLLECTION FUND	147,193,746	147,193,746	152,068,844
Greater London Authority - Precept	42,118,170	42,118,170	42,322,961
INCOME FROM COUNCIL TAX	189,311,916	189,311,916	194,391,805

Components of the Council Tax (Band D)	2008/2009	2009/2010	Increase
	£	£	
Metropolitan Police	227.02	224.34	-1.18%
London Fire & Emergency Planning Authority	50.46	53.41	5.85%
Mayor, Administration, Transport for London, Olympic Games and Boroughs' Collection Fund balances	32.34	32.07	-0.83%
Greater London Authority	309.82	309.82	0.00%
London Borough of Barnet	1,082.75	1,113.20	2.81%
Total	1,392.57	1,423.02	2.19%

REVENUE BUDGET 2009/2010

COUNCIL TAX SUMMARY

Council Tax Bands (based on property values @ 1 April 1991)		2008/2009	2009/2010	Tax Yield
		£	£	£
[Up to £40,000]	Band A	928.38	948.68	1,353,083
[Over £40,000 & up to £52,000]	Band B	1,083.11	1,106.79	7,934,413
[Over £52,000 & up to £68,000]	Band C	1,237.84	1,264.91	27,441,676
[Over £68,000 & up to £88,000]	Band D	1,392.57	1,423.02	34,861,165
[Over £88,000 & up to £120,000]	Band E	1,702.03	1,739.25	45,313,763
[Over £120,000 & up to £160,000]	Band F	2,011.49	2,055.48	34,684,298
[Over £160,000 & up to £320,000]	Band G	2,320.95	2,371.70	33,182,312
[Over £320,000]	Band H	2,785.14	2,846.04	9,621,095
				194,391,805

COUNCIL TAXBASE

Council Taxbase	2008/2009	2009/2010	
	Band D Equivalents	Band D Equivalents	Income
Total properties (per Valuation List)	158,390	160,013	227,701,858
Exemptions	(4,329)	(5,007)	(7,125,061)
Disabled reductions	(123)	(122)	(173,608)
Discounts (10%, 25% & 50%)	(13,806)	(13,779)	(19,607,793)
Adjustments	(2,400)	(2,692)	(3,830,770)
Aggregate Relevant Amounts	137,732	138,413	196,964,626
Non-Collection (1.5% both years)	(2,066)	(2,076)	(2,954,190)
Contributions in lieu from MoD	278	268	381,369
	135,944	136,605	194,391,805

2009/10 Budget Summary and Forward Plan

Adult Social Services	2009/10	2010/11	2011/12	2012/13	2013/14
	£	£	£	£	£
Base Budget	90,830,100	90,735,060	92,475,660	94,259,780	96,088,500
Virements					
Pay Awards	392,840	402,660	412,730	423,050	433,630
Standard Inflation - Expenditure	1,674,450	1,716,310	1,759,220	1,803,200	1,848,280
- Income	(369,140)	(378,370)	(387,830)	(397,530)	(407,470)
	92,528,250	92,475,660	94,259,780	96,088,500	97,962,940
<u>Efficiencies</u>					
Provision of intensive enablement and rehabilitation support at outset of care packages to reduce demand for long term care	(310,000)				
Additional income generation through more efficient business processes	(300,000)				
Provision of an increased number of support packages in people's homes in place of registered care home placements	(300,000)				
Rationalisation of contract monitoring function	(45,000)				
Provision of a more efficient laundry service through the use of direct payments and home	(57,510)				
Provision of a more efficient home adaptation service (Care & Repair)	(38,680)				
	(1,051,190)	0	0	0	0
<u>Pressures</u>					
Transition of 15 young people with complex needs into Adult Social Services	936,000				
Implementation of Deprivation of Liberty Assessments (new statutory responsibility from April 2009)	29,000				
	965,000	0	0	0	0
<u>Service Reductions</u>					
Removal of historical budget for external provider uplifts	(350,000)				
Reduction of training & commissioning capacity with Mental Health	(57,000)				
Reduction of training budget	(100,000)				
Cessation of the separate Welfare Rights Service	(180,000)				
Targeted support for vulnerable people in need in Sheltered Accommodation	(950,000)				
Withdrawal of Adult Social Services staff funding at the Horse Activity Stables project	(70,000)				
	(1,707,000)	0	0	0	0
Budget	90,735,060	92,475,660	94,259,780	96,088,500	97,962,940

Revenue Budget 2009-10

ADULT SOCIAL SERVICES			
Profit centre	2008/09 Original Estimate	2008/09 Latest Estimate	2009/10 Original Estimate
	£	£	£
** Performance and Supply Management	(1,425,790)	(3,033,070)	(2,171,170)
* Older Adults - Staffing and Placements	39,107,000	39,418,860	38,582,570
* Elderly Mentally	2,700,730	2,910,320	2,903,290
* Supporting People	7,945,390	7,945,790	6,950,390
** Older Adults (over 65s)	49,753,120	50,274,970	48,436,250
* Learning Disabilities	25,949,330	26,764,120	26,652,980
* Mental Health	8,052,150	8,139,590	8,134,020
* Physical Disabilities	8,501,290	8,730,430	9,682,980
** Younger Adults (under 65s)	42,502,770	43,634,140	44,469,980
*** Total	90,830,100	90,876,040	90,735,060

N.B. Adult Social Services is currently undergoing a re-structure. Before 1 April 2009, its budget will be amended from the above version and recast to reflect this re-structure

Subjective Analysis	2008/09 Original Estimate	2008/09 Current Estimate	2009/10 Original Estimate
	£	£	£
Expenditure			
Employees	20,347,370	20,806,310	20,747,150
Premises	393,480	380,420	393,480
Transport	1,644,110	1,615,010	1,614,630
Supplies and Services	15,469,940	13,715,250	13,700,940
Third Party Payments	73,038,750	74,478,810	74,709,620
Transfer Payments	3,732,040	3,855,920	3,855,920
Capital Depreciation Charges	291,960	291,960	291,960
Total Expenditure	114,917,650	115,143,680	115,313,700
Income			
Government Grants	(8,527,450)	(8,576,590)	(8,518,450)
Other Grants, Reimbursements and Contributions	(3,982,850)	(4,113,800)	(4,209,640)
Customer and Client Receipts	(11,577,250)	(11,577,250)	(11,850,550)
Total Income	(24,087,550)	(24,267,640)	(24,578,640)
Net Expenditure	90,830,100	90,876,040	90,735,060

2009/10 Budget Summary and Forward Plan

Central Expenses	2009/10	2010/11	2011/12	2012/13	2013/14
	£	£	£	£	£
Original Budget	24,041,270	33,185,810	40,992,610	44,934,040	47,461,150
Virements	(1,448,040)				
Pay Awards	3,910	4,010	4,090	4,190	4,290
Standard Inflation - Expenditure	719,170	737,150	755,580	774,470	793,830
- Income	(3,780)	(3,870)	(3,970)	(4,070)	(4,170)
Inflation contingency	1,462,760	1,499,330	1,536,810	1,575,230	1,614,610
	24,775,290	35,422,430	43,285,120	47,283,860	49,869,710
<u>Efficiencies</u>					
New Local Government Network	(14,000)				
Reduction in external insurance premiums from re-tendering of property and miscellaneous insurance cover	(107,000)				
New banking contract	(10,000)				
	(131,000)	0	0	0	0
<u>Full Year Effects</u>					
Employers pension fund valuation	(225,000)				
New Area Based Grant	449,810	25,680			
	224,810	25,680	0	0	0
<u>Pressures</u>					
Energy Cost					
- Street Lighting	295,000	220,000			
- LBB Property	620,000	620,000			
- Transport Fleet	200,000				
2009/10 capital financing costs and change in regulation on repayment of borrowing.	5,371,000	2,000,000	1,500,000		
Roads and Pavements - planned & responsive maintenance. Implications of capitalisation	450,000				
Market loan interest changes	277,000				
Actuarial Pension Valuation @ 2007	815,000	855,000			
NLWA Levy *	1,416,220	1,472,500	48,920	(222,710)	
LPFA Pension Fund Deficit	111,460				
Traffic Control Signals Unit (TCSU)	8,230				
	9,563,910	5,167,500	1,548,920	(222,710)	0
<u>Service Reductions</u>					
Concessionary Fares allocations full saving	(1,975,490)	1,300,000	100,000	400,000	1,000,000
Concessionary Fares - provision for future year's increase	923,000	(923,000)			
London Boroughs Grant Scheme	(26,630)				
London Councils Subscription	(9,000)				
Lea Valley Regional Park Authority	(12,960)				
Environment Agency	(6,120)				
Credit Card Surcharge	(140,000)				
	(1,247,200)	377,000	100,000	400,000	1,000,000
Budget	33,185,810	40,992,610	44,934,040	47,461,150	50,869,710

* NLWA excludes any smoothing for increases in levy in later years

Revenue Budget 2009-10

CENTRAL EXPENSES

Profit centre	2008/09 Original Estimate	2008/09 Latest Estimate	2009/10 Original Estimate
	£	£	£
10014 Unison	208,590	216,130	200,940
10015 Corporate Subscriptions	139,380	329,380	308,420
10016 Levies	21,982,340	21,982,340	22,859,970
10017 Central Contingency	3,059,650	2,204,020	4,979,400
10018 Rate Relief	424,620	424,620	433,300
10019 Capital Financing, Bank Charges & Depreciation	(10,026,030)	(9,916,230)	(3,870,810)
10699 Early Retirement Costs	4,905,590	4,905,590	5,003,700
10700 Corporate Fees & Charges	734,250	734,250	748,940
10718 Car Leasing	2,210	2,210	2,210
11121 Miscellaneous Finance	2,610,670	1,545,010	2,519,740
Central Expenses	24,041,270	22,427,320	33,185,810

Subjective Analysis	2008/09 Original Estimate	2008/09 Current Estimate	2009/10 Original Estimate
	£	£	£
Expenditure			
Employees	5,102,600	5,102,600	5,204,640
Premises	12,660	0	12,920
Transport	2,210	2,210	2,210
Supplies and Services	1,812,890	786,290	1,622,820
Third Party Payments	21,982,340	21,982,340	22,859,970
Transfer Payments	422,690	422,690	431,180
Contingency	3,059,650	2,204,020	4,979,400
Capital Depreciation Charges	2,278,970	2,278,970	2,278,970
Depreciation Contra	(18,852,600)	(18,852,600)	(18,852,600)
Capital Financing	10,486,570	10,630,530	15,776,380
Total Expenditure	26,307,980	24,557,050	34,315,890
Other Grants, Reimbursements and Contributions	(151,330)	(14,350)	(14,700)
Customer & Client Receipts	176,040	176,040	176,040
Interest	(2,291,420)	(2,291,420)	(1,291,420)
Total Income	(2,266,710)	(2,129,730)	(1,130,080)
Net Expenditure	24,041,270	22,427,320	33,185,810

Revenue Budget 2009-10

CENTRAL EXPENSES			
Levies	2008/9 Original Estimate	2008/09 Current Estimate	2009/10 Original Estimate
	£	£	£
<u>Other Establishments - Third Party Payments</u>			
Thames 21	5,250	5,250	5,380
Probation Service - Justices of the Peace	810	810	830
Environment Agency	274,510	274,510	273,880
Lea Valley Regional Park	424,420	424,420	419,950
London Pension Funds	573,010	573,010	694,330
Traffic Control Signals Unit	422,750	422,750	439,440
Concessionary Fares	10,138,420	10,138,420	8,365,690
Concessionary Fares Reserve	0	0	923,010
	11,839,170	11,839,170	11,122,510
<u>Joint Authorities - Third Party Payments</u>			
North London Waste Authority	8,777,410	8,777,410	10,369,950
Coroners Court	213,200	213,200	218,530
	8,990,610	8,990,610	10,588,480
<u>Other Local Authorities - Third Party</u>			
London Boroughs Grants	1,152,560	1,152,560	1,148,980
Total Levies	21,982,340	21,982,340	22,859,970

2009/10 Budget Summary and Forward Plan

Chief Executive and Strategy	2009/10	2010/11	2011/12	2012/13	2013/14
	£	£	£	£	£
Base Budget	2,672,020	2,541,580	2,596,020	2,651,810	2,708,990
Virements	14,450				
Pay Awards	46,940	48,110	49,310	50,540	51,800
Standard Inflation - Expenditure	9,500	9,740	9,980	10,230	10,490
- Income	(3,330)	(3,410)	(3,500)	(3,590)	(3,680)
	2,739,580	2,596,020	2,651,810	2,708,990	2,767,600
<u>Efficiencies</u>					
Reduction in staff training	(3,000)				
Web Team. Reduction in subscriptions and publicity budgets no longer required	(3,000)				
General Supplies and Services saving	(8,000)				
Other services - reduction in costs	(20,000)				
Budget underspend on civic events	(10,000)				
	(44,000)	0	0	0	0
<u>Full Year Effects</u>					
GIS System	19,000				
	19,000	0	0	0	0
<u>Service Reductions</u>					
Directors restructure	(148,000)				
Delete 0.5 FTE Consultation Officer post.	(25,000)				
	(173,000)	0	0	0	0
Budget	2,541,580	2,596,020	2,651,810	2,708,990	2,767,600

Revenue Budget 2009-10

CHIEF EXECUTIVE AND STRATEGY

Profit centre	2008/09 Original Estimate	2008/09 Latest Estimate	2009/10 Original Estimate
	£	£	£
10682 Executive Directors	867,350	893,010	740,690
** Executive Office	867,350	893,010	740,690
10377 Web Team	207,650	208,250	208,230
10683 Local Partnerships	360,630	611,270	347,790
10685 Consultation	149,880	150,140	127,880
10689 Communications	441,410	481,950	465,350
10398 Civic Events	84,940	85,070	76,590
10392 Mayoral Support	169,450	169,500	172,500
10397 Municipal Links	9,060	9,060	9,240
11051 Information Observatory	381,650	367,660	393,310
** Strategy Directorate	1,804,670	2,082,900	1,800,890
*** Total	2,672,020	2,975,910	2,541,580

Subjective Analysis	2008/09 Original Estimate	2008/09 Current Estimate	2009/10 Original Estimate
	£	£	£
Expenditure			
Employees	2,328,530	2,372,170	2,222,990
Premises	2,540	2,500	2,580
Transport	35,600	35,600	36,050
Supplies and Services	476,500	1,100,430	469,980
Capital Depreciation Charges	22,440	22,440	22,440
Capital Financing Costs	20,000	0	0
Secondary Recharges	(51,250)	(64,890)	(66,790)
Total Expenditure	2,834,360	3,468,250	2,687,250
Income			
Government Grants	(20,000)	(350,000)	0
Customer and Client Receipts	(99,340)	(99,340)	(101,820)
Recharges	(43,000)	(43,000)	(43,850)
Total Income	(162,340)	(492,340)	(145,670)
Net Expenditure	2,672,020	2,975,910	2,541,580

2009/10 Budget Summary and Forward Plan

Children's Service	2009/10	2010/11	2011/12	2012/13	2013/14
	£	£	£	£	£
Base Budget	58,043,120	57,835,310	58,919,960	60,031,730	61,171,300
Virements	(40,000)	0	0	0	0
Pay Awards	631,250	647,030	663,210	679,790	696,780
Standard Inflation - Expenditure	633,810	649,660	665,900	682,550	699,610
- Income	(206,870)	(212,040)	(217,340)	(222,770)	(228,340)
Non-Schools Standard Inflation - Expenditure					
	59,061,310	58,919,960	60,031,730	61,171,300	62,339,350
Efficiencies					
Family Support Team restructure	(44,000)				
Reduce external residential care placements by increasing capacity of internal residential accommodation	(70,000)				
Change in relationship with Foster carers	(20,000)				
Governors Support service. Review structure of overheads of traded services	(15,000)				
Specialist Team (complex special educational need support) restructure.	(100,000)				
Education Welfare Service restructure team	(50,000)				
Youth and Connexions. Reduce resources available for future funding of voluntary sector grants for youth projects.	(145,000)				
Integration of Children's Service	(135,000)				
Increased traded activity	(100,000)				
Civic catering. Increase price of meals and meeting refreshments	(20,000)				
Performance & Information Teams restructure.	(87,000)				
	(786,000)	0	0	0	0

2009/10 Budget Summary and Forward Plan

Children's Service	2009/10	2010/11	2011/12	2012/13	2013/14
	£	£	£	£	£
<u>Pressures</u>					
Reported monitoring pressures 2008/9 :					
- SEN Transport	400,000				
- Children in Care	440,000				
Children & Young Persons Act	130,000				
	970,000	0	0	0	0
<u>Service Reductions</u>					
Play Service. Reconfiguration of services	(186,000)				
Restructure of Connexions and Youth service	(250,000)				
School improvement function. Restructuring of provision of support and challenge to primary and secondary schools	(228,000)				
Building resilience and supporting independence. Reduce commissioning budget for early intervention and prevention services for children and families in need	(300,000)				
High Incidence and Educational Psychology Team restructure.	(170,000)				
Communications and complaints. Cease courier service to schools	(24,000)				
Performance and information teams. Deletion of match funding for Government ICT funding for schools	(210,000)				
Workforce Development. Reconfiguration of service.	(42,000)				
	(1,410,000)	0	0	0	0
Budget	57,835,310	58,919,960	60,031,730	61,171,300	62,339,350

Revenue Budget 2009-10

CHILDREN'S SERVICE

Children's Service - General Fund

Profit centre	2008/09 Original Estimate	2008/09 Latest Estimate	2009/10 Original Estimate
	£	£	£
*** Safeguarding & Social Care	923,800	87,730	274,380
*** Social Care Management Team	19,624,430	19,959,220	20,539,790
*** Social Care	4,279,590	4,303,120	4,229,750
*** BRSI	3,142,490	2,567,820	2,742,600
*** Safeguarding	896,980	923,320	925,800
**** Safeguarding & Social Care	28,867,290	27,841,210	28,712,320
*** Youth Offending Service	409,850	588,070	430,160
*** Inclusion Management	784,590	183,650	116,310
*** Admissions to Schools	220,740	221,830	192,140
*** Attendance at Schools	659,790	661,260	622,900
*** Complex Needs	7,238,560	7,559,280	8,119,120
*** Youth & Connexions	5,039,590	5,153,100	4,620,660
*** Voice of the Child	66,790	112,040	113,310
**** Inclusion	14,419,910	14,479,230	14,214,600
*** Schools & Learning Management	235,160	235,160	240,020
*** Challenge & Intervention	989,370	950,000	924,400
*** Support & Development	556,240	1,304,520	1,296,030
*** Access to Learning	893,680	1,217,200	1,033,480
**** Schools & Learning	2,674,450	3,706,880	3,493,930
*** Partnership, Performance & Planning	124,720	71,060	115,900
*** Children's Service Finance	8,729,680	9,035,340	8,272,850
*** Organisational Development	1,713,210	1,806,740	1,593,330
*** CS Research & Management Information	375,490	376,540	345,980
*** Schools Catering	(20,840)	(8,900)	(63,800)
*** CS Capital Programme	290,700	337,650	304,400
**** Partnership, Performance & Planning	11,212,960	11,618,430	10,568,660
*** Children's Service Management Team	910,840	853,770	888,140
**** Children's Service Management	910,840	853,770	888,140
***** Total	58,085,450	58,499,520	57,877,650

Revenue Budget 2009-10

CHILDREN'S SERVICE

Children's Service - Schools Budget

Profit centre	2008/09 Original Estimate	2008/09 Latest Estimate	2009/10 Original Estimate
	£	£	£
*** Social Care	234,420	234,970	389,310
*** BRSI	500,000	550,000	306,000
**** Safeguarding & Social Care	734,420	784,970	695,310
*** Inclusion - Invest to Save	357,520	384,640	496,560
*** Admissions to Schools	381,030	381,030	435,010
*** Complex Needs	12,041,820	12,580,290	13,350,120
*** Pupil Referral Units	1,285,770	1,312,510	1,470,090
**** Inclusion	14,066,140	14,658,470	15,751,780
*** Challenge & Intervention	880,240	748,410	531,820
*** Access to Learning	785,060	787,150	651,230
**** Schools & Learning	1,665,300	1,535,560	1,183,050
*** Retained Budgets including PVI Funding	5,210,220	4,644,040	5,402,330
*** Organisational Development	68,160	68,160	221,690
**** Partnership, Performance & Planning	5,278,380	4,712,200	5,624,020
** Standards Fund DSG	549,500	0	0
*** Schools Funding DSG	196,302,840	197,941,050	203,618,440
**** Schools Funding	196,302,840	197,941,050	203,618,440
**** Dedicated Schools Grant	(193,793,970)	(195,500,290)	(202,085,730)
**** LSC Grant	(24,295,440)	(24,174,300)	(24,829,210)
**** Total	(42,330)	(42,340)	(42,340)
Total Children's Service	58,043,120	58,457,180	57,835,310

Notes:

"Dedicated Schools Grant" is a grant paid to a local education authority by the Secretary of State under section 14 of the 2002 Act. The Grant will be paid as a ring-fenced specific grant and must be used in support of the Schools Budget as defined in the School Finance (England) Regulations 2008 and can be used for no other purpose. The schools finance regulations provide some limited flexibility to enable contributions to combined services budgets to be charged to the centrally retained element of the schools budget.

The amounts per pupil underpinning the overall grant allocation are firm in each year but the pupil numbers are estimated as at January. The Actual grant will be notified in May, based on the actual Pupil Level Annual School Census (PLASC) and other census numbers for the preceding January.

The School Library Service is also funded from the Schools Budget and this is incorporated in the Resources budget (£42,340 2009-10.).

Revenue Budget 2009-10

CHILDREN'S SERVICE

Children's Service - General Fund

Subjective Analysis	2008/09 Original Estimate	2008/09 Current Estimate	2009/10 Original Estimate
	£	£	£
Expenditure			
Employees	30,290,510	33,354,260	32,945,520
Premises	749,980	855,310	765,710
Transport	4,173,250	4,181,530	4,246,430
Supplies and Services	13,778,900	14,102,800	13,498,990
Third Party Payments	17,706,960	17,270,570	18,297,890
Transfer Payments	2,564,950	1,565,830	3,144,870
Capital Depreciation Charges	8,205,400	8,205,400	8,205,400
Secondary Recharges	299,070	361,510	304,610
Total Expenditure	77,769,020	79,897,210	81,409,420
Income			
Government Grants	(8,725,390)	(9,679,960)	(11,862,580)
Other Grants, Reimbursements and Contributions	(752,230)	(1,375,910)	(900,680)
Customer and Client Receipts	(10,205,950)	(10,341,820)	(10,768,510)
Total Income	(19,683,570)	(21,397,690)	(23,531,770)
Net Expenditure	58,085,450	58,499,520	57,877,650

Children's Service - Schools Budget

Subjective Analysis	2008/09 Original Estimate	2008/09 Current Estimate	2009/10 Original Estimate
	£	£	£
Expenditure			
Employees	196,902,490	191,810,610	198,380,850
Premises	12,979,900	12,679,290	13,368,500
Transport	520,470	522,370	499,290
Supplies and Services	29,014,280	25,540,870	28,694,360
Third Party Payments	22,946,810	22,609,330	23,884,370
Transfer Payments	942,540	303,900	1,074,860
Capital Depreciation Charges	0	0	0
Secondary Recharges	0	2,590	0
Total Expenditure	263,306,490	253,468,960	265,902,230
Income			
Government Grants	(249,034,870)	(242,218,810)	(255,478,070)
Other Grants, Reimbursements and Contributions	(3,999,370)	(3,280,490)	(3,250,500)
Customer and Client Receipts	(10,314,580)	(8,012,000)	(7,216,000)
Total Income	(263,348,820)	(253,511,300)	(265,944,570)
Net Expenditure	(42,330)	(42,340)	(42,340)

Total Children's Service	58,043,120	58,457,180	57,835,310
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2009/10 Budget Summary and Forward Plan

Corporate Governance	2009/10	2010/11	2011/12	2012/13	2013/14
	£	£	£	£	£
Base Budget	8,801,060	8,772,000	8,949,680	9,131,800	9,318,470
Virements	65,600				
Pay Awards	165,050	169,180	173,410	177,750	182,190
Standard Inflation - Expenditure	35,970	36,870	37,790	38,730	39,700
- Income	(27,680)	(28,370)	(29,080)	(29,810)	(30,560)
	9,040,000	8,949,680	9,131,800	9,318,470	9,509,800
Efficiencies					
Legal Service. Transfer of salaries from revenue to capital for work relating to property disposals, capital receipts projects	(100,000)				
Corporate Anti-Fraud Team. Reduction of one management post. Two investigators & one visiting officers. Efficiency in working practices carried out to support this	(172,000)				
CCTV. Reorganisation of responsibilities and efficiencies identified	(95,000)				
ASB co-ordinator post subsumed within the Community Safety & PIT	(60,000)				
	(427,000)	0	0	0	0
Pressures					
General Functions Committee have approved establishing a dedicated elections team.	185,000				
Civil Protection. Inability to fulfil statutory duties as Category one responders	36,000				
Scrutiny Officer growth bid. This represents a first step in the adoption of the Council recommendation for an establishment of 4.5 staff	58,000				
	279,000	0	0	0	0
Service Reductions					
Reduction in audit plan work and rationalisation of information and other governance work dealt with by Internal Audit	(100,000)				
Members Training - Core training requirements will still be delivered	(20,000)				
	(120,000)	0	0	0	0
Budget	8,772,000	8,949,680	9,131,800	9,318,470	9,509,800

Revenue Budget 2009-10

CORPORATE GOVERNANCE			
Profit centre	2008/09 Original Estimate	2008/09 Latest Estimate	2009/10 Original Estimate
	£	£	£
11112 Leader's Office	20,000	20,000	20,190
*** Leader's Office	20,000	20,000	20,190
11095 Performance and OD Team	207,470	330,520	287,370
*** Performance and OD Team	207,470	330,520	287,370
10379 Legal Mgmt & Bus Sup	321,860	180,300	167,670
10380 Legal Advocacy Team	552,460	760,010	773,660
10381 Legal Commercial Team	472,610	230,200	231,610
10382 Legal Community	363,670	601,540	461,650
10869 BS-Barnet Homes Disbursements	(294,180)	(294,180)	(301,530)
*** Legal Services	1,416,420	1,477,870	1,333,060
10391 Democratic Services	806,430	803,460	889,000
* Committee Administration	806,430	803,460	889,000
10393 Members Development	83,350	86,150	64,970
10394 Cabinet Support	62,450	62,670	63,700
10395 Political Assistants	86,770	87,080	88,490
10396 Members Allowances	1,380,140	1,384,800	1,405,700
* Members' Support	1,612,710	1,620,700	1,622,860
*** Democratic Svices	2,419,140	2,424,160	2,511,860
10383 Registration of Electors	314,950	311,440	316,860
10388 Municipal Elections	27,320	27,320	27,830
11163 Elections Project Team	0	94,980	185,000
** Elections	342,270	433,740	529,690
10400 Civil Protection	174,260	163,840	204,330
** Civil Protection	174,260	163,840	204,330
10651 CCTV	1,228,780	1,167,570	1,076,340
10653 Priority Intervention Team	983,440	502,170	907,100
10673 Watling Market	6,480	480	0
10674 Trading Standards & Licencing	160,470	154,540	155,200
11120 CPG Technical Support	0	168,000	170,730
** Community Protection	2,379,170	1,992,760	2,309,370
10002 CAFT	383,320	286,870	219,230
** Corporate Anti-Fraud Team	383,320	286,870	219,230
10021 Safer Communities Unit	120,820	76,180	76,500
10581 Drug Intervention Programme	0	0	0
10583 Drug And Alcohol Team	104,870	105,360	106,810
10996 Stronger Safer Communities Fund	262,040	262,300	263,460
** Community Safety	487,730	443,840	446,770
*** Operational Governance	3,766,750	3,321,050	3,709,390
10001 Internal Audit	608,770	570,300	516,220
*** Internal Audit	608,770	570,300	516,220
11096 Corporate Governance Directors	362,510	416,080	393,910
**** Corporate Governance Directors	362,510	416,080	393,910
Total	8,801,060	8,559,980	8,772,000

Revenue Budget 2009-10

CORPORATE GOVERNANCE

Subjective Analysis	2008/09 Original Estimate	2008/09 Current Estimate	2009/10 Original Estimate
	£	£	£
Expenditure			
Employees	8,326,300	8,624,400	8,454,620
Premises	23,190	10,730	12,190
Transport	80,470	64,120	63,930
Supplies and Services	2,287,110	1,837,730	2,173,390
Third Party Payments	14,350	12,300	250
Capital Depreciation Charges	257,150	257,150	257,150
Secondary Recharges	9,120	3,500	0
Total Expenditure	10,997,690	10,809,930	10,961,530
Income			
Government Grants	(905,480)	(992,130)	(904,030)
Other Grants, Reimbursements and Contributions	(66,800)	(65,570)	(66,420)
Customer and Client Receipts	(1,167,820)	(1,135,720)	(1,161,420)
Recharges	(56,530)	(56,530)	(57,660)
Total Income	(2,196,630)	(2,249,950)	(2,189,530)
Net Expenditure	8,801,060	8,559,980	8,772,000

2009/10 Budget Summary and Forward Plan

Environment & Transport	2009/10	2010/11	2011/12	2012/13	2013/14
	£	£	£	£	£
Base Budget	28,101,880	28,666,770	29,140,580	29,626,990	30,156,320
Virements	768,360				
Pay Awards	352,840	361,660	370,700	379,970	389,470
Standard Inflation - Expenditure	327,320	335,500	343,890	352,490	361,300
- Income	(188,630)	(193,350)	(198,180)	(203,130)	(208,210)
	29,361,770	29,170,580	29,656,990	30,156,320	30,698,880
<u>Efficiencies</u>					
Drainage. New contract arrangements have realised additional investment in early stages which result in reduced ongoing maintenance	(20,000)				
Traffic census. Full recharge of budget to projects	(15,000)				
Parking permits. Revised charges for Pay and Display and Permits	(34,000)				
	(69,000)	0	0	0	0
<u>Pressures</u>					
Impact of increased costs relating to new fleet contract that commenced in October 2008	454,000				
Recycling - impact of increased contract cost from October 2008.	200,000				
Replacement of revenue element of funding for green waste scheme previously funded by Waste Performance and Efficiency Grant	380,000				
	1,034,000	0	0	0	0
<u>Service Reductions</u>					
Winter Maintenance. More efficient allocation of spend	(100,000)				
Refuse Collection - Charging for Green Waste. Charge £50 for any additional bin for green waste collection	(75,000)				
Roads and Pavements - planned & responsive maintenance. Budget to be funded by capital investment	(1,400,000)				
Removal of traffic management budget allocated to Area Environment Sub-Committee's	(55,000)				
Above inflation increase in fees and charges for sports ground including reduced subsidy for Bowls and Cricket	(30,000)	(30,000)	(30,000)		
	(1,660,000)	(30,000)	(30,000)	0	0
Budget	28,666,770	29,140,580	29,626,990	30,156,320	30,698,880

Revenue Budget 2009-10

ENVIRONMENT AND TRANSPORT

Profit centre	2008/09 Original Estimate	2008/09 Latest Estimate	2009/10 Original Estimate
10617 HD-Mngmnt & Perform	868,840	774,420	787,060
** Environment & Transport Mgt&Admin	868,840	774,420	787,060
10618 Highways Other	(488,910)	395,060	(526,330)
* Highways	(488,910)	395,060	(526,330)
10619 Drainage (Gully Cleansing)	595,040	586,260	586,940
10620 Winter Maintenance	565,580	565,580	472,790
10623 Safer Routes	218,580	219,080	221,630
10624 School Crossing Patrol	62,890	63,100	64,380
10625 Technical Survey	24,870	24,870	25,370
10628 Public Conveniences	45,000	44,570	46,020
10635 Road Structural Planned	3,732,490	3,678,590	2,114,550
10890 Road Structural Responsive	2,194,520	2,196,260	2,438,420
* Highways Implementation	7,438,970	7,447,830	5,970,100
10631 R.A.S.W.A.	(89,730)	(88,830)	(93,450)
10632 Private Works Reinstatement	56,550	113,080	111,610
10633 Rechargeable works - other	(118,050)	(117,570)	(122,330)
11097 Rechargeable works- cross overs	(145,200)	(144,680)	(151,520)
* Highways Inspection & Enforcement	(296,430)	(238,000)	(255,690)
10637 Street Lighting	2,634,600	3,073,430	3,164,170
* Street Lighting	2,634,600	3,073,430	3,164,170
10664 Highways Maintenance-Responsive	11,860	4,710	10,320
10938 HM-Winter Maintenance	1,040	(1,480)	(610)
10939 HM-Stand-by	820	990	160
10941 HM-Sign Erection	4,000	3,320	2,480
* Highways Maintenance	17,720	7,540	12,350
10644 Car Parks	(467,950)	(467,950)	(511,890)
* Car Parks	(467,950)	(467,950)	(511,890)
** Environment & Transport Highways	8,838,000	10,217,910	7,852,710
10771 ES-Transport Oheads	227,640	231,630	232,000
10772 ES-Vehmtce	(104,850)	(102,930)	(110,870)
10773 ES-Spot Hires	(20,000)	(20,000)	(21,300)
10774 ES-Leases & SC Rech	(458,370)	(265,500)	303,430
10775 ES-SEN Transp	(85,640)	(85,150)	(87,390)
10776 ES-Comctran	(73,730)	(71,680)	(75,210)
* Transport	(514,950)	(313,630)	240,660

Revenue Budget 2009-10

ENVIRONMENT AND TRANSPORT

Profit centre	2008/09 Original Estimate	2008/09 Latest Estimate	2009/10 Original Estimate
10656 Recycling	3,487,360	3,830,040	4,166,320
10657 Civic Amenities Sites	551,070	551,020	562,210
* Recycling/Waste Strategy	4,038,430	4,381,060	4,728,530
10365 Verge & Tree Routine All Areas	483,240	722,010	492,900
10660 Allotments	(4,440)	(3,730)	(3,070)
10764 Parks & Open Spaces	4,060,300	4,172,500	4,151,170
10765 Sports Grounds	552,010	527,160	506,910
10766 Green Belt Lands	(32,030)	(32,440)	(31,890)
10768 King George Playing Fields	14,040	14,040	14,040
10952 Green Spaces Trees Management	645,600	645,600	658,360
* Parks & Greenspaces Development	5,718,720	6,045,140	5,788,420
10652 Street Cleansing	4,983,280	5,097,850	5,069,710
10655 Domestic Refuse	5,420,870	5,432,740	5,485,760
* Refuse & Cleaning	10,404,150	10,530,590	10,555,470
10654 Trade Waste	(1,251,310)	(1,251,070)	(1,286,080)
* Trade Waste	(1,251,310)	(1,251,070)	(1,286,080)
** Env & Transport Street Scene & Greenspaces	18,395,040	19,392,090	20,027,000
*** Total	28,101,880	30,384,420	28,666,770

Subjective Analysis	2008/09 Original Estimate	2008/09 Current Estimate	2009/10 Original Estimate
	£	£	£
Expenditure			
Employees	17,834,480	17,869,380	18,226,750
Premises	2,370,500	2,042,280	2,534,250
Transport	4,424,820	4,724,440	5,213,280
Supplies and Services	5,255,390	7,305,730	5,747,160
Third Party Payments	578,830	428,000	590,400
Transfer Payments	(18,000)	(18,000)	(18,000)
Capital Depreciation Charges	3,115,800	3,115,800	3,115,800
Secondary Recharges	4,811,790	5,298,720	3,601,690
Total Expenditure	38,373,610	40,766,350	39,011,330
Income			
Government Grants	(2,665,070)	(2,773,870)	(2,393,870)
Other Grants, Reimbursements and Contributions	(76,000)	(76,000)	(77,900)
Customer and Client Receipts	(7,429,390)	(7,430,790)	(7,771,520)
Interest	(101,270)	(101,270)	(101,270)
Total Income	(10,271,730)	(10,381,930)	(10,344,560)
Net Expenditure	28,101,880	30,384,420	28,666,770

Revenue Budget 2009/2010
Special Parking Account

	2008/2009	2008/2009	2009/2010
	Original Estimate	Current Estimate	Original Estimate
	£	£	£
Income			
Penalty Charge Notices	(5,099,050)	(5,099,050)	(4,842,190)
Permits	(1,179,800)	(1,179,800)	(1,338,950)
Pay & Display	(3,049,000)	(2,907,000)	(3,278,230)
CCTV Bus lanes	(1,664,029)	(1,664,029)	(1,779,520)
Total Income	(10,991,879)	(10,849,879)	(11,238,890)
Operating Expenditure	5,750,879	5,750,879	5,746,890
Net Operating Surplus	(5,241,000)	(5,099,000)	(5,492,000)
Add Capital Expenditure / Debt Charge	400,000	400,000	400,000
Net Expenditure in Year	(4,841,000)	(4,699,000)	(5,092,000)
Appropriation to General Fund	4,841,000	4,699,000	5,092,000
Balance	0	0	0

The SPA is a ringfenced statutory account covering the estimated impact of implementing On-Street Parking and Penalty Charge Notice enforcement, as required by the Road Traffic Act 1991.

Council on 4 November 1997 noted that the provision of further off-street parking places was unnecessary for the time being and that there was no further demand on the ringfenced account in respect of further off-street parking. Accordingly, part of the s

The net projected surplus on the SPA is available for implementation of parking schemes and as a general support for public transport improvement projects that fall within the criteria set out in the Highways Act 1980.

2009/10 Budget Summary and Forward Plan

Planning, Housing & Regeneration	2009/10	2010/11	2011/12	2012/13	2013/14
	£	£	£	£	£
Base Budget	3,737,930	3,560,270	3,743,870	3,880,800	4,021,150
Virements					
Pay Awards	205,000	210,130	215,380	220,760	225,180
Standard Inflation - Expenditure	67,620	69,310	71,040	72,820	74,640
- Income	(142,280)	(145,840)	(149,490)	(153,230)	(157,060)
	3,868,270	3,693,870	3,880,800	4,021,150	4,163,910
Efficiencies					
Housing					
Improvement in income/ cost balance for provision of temporary accommodation	(150,000)	150,000			
Review of housing systems to remove wasteful processes	(100,000)	(100,000)			
Re-organisation of Security Contracts at Barbara Langstone House	(60,000)				
Increase income from sponsorship to fund costs of events such as Housing conference	(15,000)				
Merge Complaints and Appeals functions across the Directorate, which would allow for deletion of 1 Management post	(40,000)				
Environmental Health					
Restructured Business Case for Cemetery and Crematoria whilst existing arrangements continue	(100,000)				
Increased income from pest control services to respond to income-generating demand	(25,000)				
On-Line efficiencies and reductions in Business Support costs associated with introduction of new IT software	(120,000)				
Restructure of the service focussed on the managerial level	(120,000)				
Building Control and Structures					
Business Growth - Increase in income due to increase in external work secured	(25,000)				
Increase in charges for copies of notices / visits for structures work as well as core fees	(68,000)				
Regeneration					
Deletion of Agency Staff Budget	(20,000)				
Planning					
Delete 2 vacant posts of development management planners in area planning teams	(60,000)				
Income from new planning gain processes to be implemented over the next 2 years	(50,000)				
	(953,000)	50,000	0	0	0

2009/10 Budget Summary and Forward Plan

Planning, Housing & Regeneration	2009/10	2010/11	2011/12	2012/13	2013/14
Pressures					
Land charges income loss due to poor Housing and planning delivery grant. Shortfall in grant allocation	700,000 60,000				
	760,000	0	0	0	0
Service Reductions					
Environmental Health					
Public Health Nuisance - Reduce the operating hours of the Out of Hours Noise and Nuisance Service. Close the service at 04:00 at night at the weekend	(15,000)				
Deletion of 3 posts in Environmental Health services	(100,000)				
	(115,000)	0	0	0	0
Budget	3,560,270	3,743,870	3,880,800	4,021,150	4,163,910

Revenue Budget 2009-10

PLANNING, HOUSING AND REGENERATION

Profit centre	2008/09 Original Estimate	2008/09 Latest Estimate	2009/10 Original Estimate
	£	£	£
10390 Land Charges	(1,616,610)	(1,627,520)	(913,730)
*** Land Charges	(1,616,610)	(1,627,520)	(913,730)
10025 Housing initiatives	110,790	110,940	112,260
* Housing Initiatives	110,790	110,940	112,260
10020 Housing & Development	20,420	121,990	122,740
10035 Claremont Rd Community Centre	2,160	3,050	2,450
10987 North London Sub Region Coordinator	720	300	(1,090)
* Housing Management	23,300	125,340	124,100
10026 Policy & performance	150,670	151,330	137,240
* Housing Policy & Performance	150,670	151,330	137,240
10027 Housing Grant Payments	165,420	219,430	223,820
10028 HNR Management Team	223,820	195,860	197,410
10029 Housing Advice	423,780	367,660	369,740
10030 Temporary Accommodation	525,780	112,600	233,450
10031 Homeless Persons	176,480	332,270	305,960
10032 Housing Resources Team	361,480	72,180	52,970
10033 Homelessness Grant	980	1,050	840
10034 Housing Supporting People	3,760	3,460	1,860
10281 Rent Deposit Scheme	0	201,300	0
10883 Private Sector Leasing	(446,990)	(521,520)	(485,530)
10991 Complaints & System Improvement	113,660	102,130	63,450
10992 Barbara Langstone House	(176,560)	(169,850)	(221,070)
10993 Hsg EDRM	170	0	0
11151 Accommodation and Lettings	0	361,040	315,690
* Hsg Resources & Temporary Accommodation	1,371,780	1,277,610	1,058,590
** Housing General Fund	1,656,540	1,665,220	1,432,190
10756 Strategic Development Unit	397,470	431,320	382,210
11124 SDU Regeneration Buybacks	0	0	0
*** Strategic Development	397,470	431,320	382,210
10763 Environmental Serv Management	618,620	563,800	527,930
* Planning & Environmental Protection - Mgt & Admin	618,620	563,800	527,930
10038 Planning Service	(495,180)	(488,970)	(519,400)
11073 Planning Core Services	507,530	508,420	462,960
11074 Planning Strategic Services	779,630	782,320	735,250
** Planning & Environmental Protection - Planning	791,980	801,770	678,810
10641 Building Inspection	180,660	181,120	163,330
10642 Structures	(64,690)	(65,290)	(73,870)
10643 Building Control	(298,380)	(297,310)	(389,040)
* Building Control	(182,410)	(181,480)	(299,580)
10667 Care & Repair	(26,420)	(180)	(76,930)
* Environmental Services Care & Repair	(26,420)	(180)	(76,930)
10661 Hendon Cemetery	(330,800)	(350,180)	(369,430)
10671 Mortuary	138,750	138,420	140,900
10818 Hendon Crematorium	(294,020)	(293,850)	(343,630)
10819 Cem&Crem Management	229,950	223,750	143,120
* Mortuary & Cemetery	(256,120)	(281,860)	(429,040)

Revenue Budget 2009-10

PLANNING, HOUSING AND REGENERATION

Profit centre	2008/09 Original Estimate	2008/09 Latest Estimate	2009/10 Original Estimate
	£	£	£
10666 Private Sector Housing	1,247,360	1,246,280	1,262,100
10672 Works in Default	(31,910)	(31,910)	(32,930)
10958 Pest Control	(90)	(830)	(26,130)
10994 HMO Licensing	510	850	(610)
11102 Public Health & Nuisance	405,210	406,650	368,720
* Environmental Health Private Housing	1,621,080	1,621,040	1,571,150
10821 Food Safety	421,270	422,720	412,300
10823 H and S & Scfc Servs	312,530	313,800	274,960
* ES Health & Sustainability	733,800	736,520	687,260
** Environmental Health & Trading Standards	2,072,340	2,075,520	1,752,440
*** Planning & Environmental Protection	3,300,530	3,259,610	2,659,600
**** Total	3,737,930	3,728,630	3,560,270

Subjective Analysis	2008/09 Original Estimate	2008/09 Current Estimate	2009/10 Original Estimate
	£	£	£
Expenditure			
Employees	10,625,960	10,615,570	10,262,320
Premises	1,132,990	1,220,210	1,146,990
Transport	216,030	216,540	219,890
Supplies and Services	1,963,110	2,030,160	1,945,090
Third Party Payments	8,102,090	8,368,610	8,208,640
Capital Depreciation Charges	1,122,210	1,122,210	1,122,210
Secondary Recharges	(930,390)	(753,630)	(773,550)
Total Expenditure	22,232,000	22,819,670	22,131,590
Income			
Government Grants	(560,000)	(669,000)	(474,000)
Other Grants, Reimbursements and Contributions	(680,610)	(706,360)	(769,750)
Customer and Client Receipts	(17,253,460)	(17,715,680)	(17,327,570)
Total Income	(18,494,070)	(19,091,040)	(18,571,320)
Net Expenditure	3,737,930	3,728,630	3,560,270

2009/10 Budget Summary and Forward Plan

Housing Revenue Account	2009/10	2010/11	2011/12	2012/13
	£	£	£	£
Base Budget (net expenditure met by/(contribution to) working balance	0	0	353,160	4,010
Base Budget Adjustments				
Pay awards (LBB)	66,000	67,650	69,340	71,070
Standard inflation (LBB)	11,500	11,790	12,080	12,380
Additional provision support service costs	300,000			
Housing Subsidy	1,951,750	1,336,970	704,600	1,380,260
Rent, service and heating charge increases	(3,507,000)	(2,891,400)	(2,453,530)	(2,523,650)
Loss of rent through sales	132,000	50,000	52,500	55,120
Additional income form leaseholders	(94,000)	(20,000)	(21,000)	(22,000)
Capital Financing Costs	(169,000)	527,900	238,300	0
Management Fee inflation	719,710	500,000	510,000	520,000
Repairs and Maintenance inflation	327,360	255,340	252,750	251,200
Employer's pension contributions	163,000	150,000		
Increase in National Insurance contributions	0	42,000		
Depreciation (MRA)	483,680	115,610	(60,670)	105,880
Interest Earnings	100,000			
Other rents	(118,000)			
	367,000	145,860	(695,630)	(149,740)
Pressures				
Regeneration - rent loss through dwellings vacated	650,000	1,170,800	1,001,010	1,141,250
	650,000	1,170,800	1,001,010	1,141,250
Efficiencies/Budget Reductions				
Review of Housing Services		(50,000)	(50,000)	
Regeneration schemes - removal of start-up costs	(211,000)	(222,000)		(234,000)
Regeneration schemes - recovery of costs	321,000	250,000		
Barnet Homes - efficiencies and reduced numbers of dwellings:-				
Management Costs		(600,000)	(300,000)	(300,000)
review of caretaking	(60,000)			
review of rental income and neighbourhoods team	(137,000)			
Sheltered Housing review of requirements	(100,000)			
Cash-limit non-staffing budgets	(183,000)			
review senior management Asset Management	(60,000)			
review support services	(251,000)			
review management of regeneration estates	(20,000)			
Repairs and maintenance	(316,000)	(341,500)	(304,530)	(321,150)
	(1,017,000)	(963,500)	(654,530)	(855,150)
2009/10 Budget and Forward Plan - required contribution from/(to) working balance	0	353,160	4,010	140,370

HOUSING REVENUE ACCOUNT		
	2008/09	2009/10
	Original Budget	Original Budget
	£	£
Income		
Dwelling rents	(44,675,000)	(47,400,000)
Non-dwelling rents	(1,354,000)	(1,472,000)
Tenants' Charges for services and facilities	(3,128,590)	(3,214,000)
Leaseholder' Charges for Services and Facilities	(2,750,000)	(2,800,000)
Total Income	(51,907,590)	(54,886,000)
Expenditure		
Repairs and Maintenance	8,500,000	8,511,360
Supervision and management		
General	14,668,590	14,560,710
Special	5,581,000	6,286,000
Rents, Rates, taxes and other charges	118,000	121,500
Negative housing revenue account subsidy payable	10,872,000	12,823,750
Depreciation and impairment of fixed assets	8,060,000	8,543,680
Debt Management Costs	4,142,000	3,973,000
Increase in bad debt provision	220,000	220,000
Sums directed by the Secretary of State that are income in accordance with UK GAAP	0	0
Total Expenditure	52,161,590	55,040,000
Net Cost of HRA Services	254,000	154,000
Interest and investment income	(254,000)	(154,000)
(Surplus) or deficit for the year on HRA services	0	0

2009/10 Budget Summary and Forward Plan

Resources	2009/10	2010/11	2011/12	2012/13	2013/14
	£	£	£	£	£
Base Budget	39,270,140	39,894,770	41,047,090	41,859,220	42,691,660
Virements	639,630				
Pay Awards	523,710	536,800	550,220	563,980	578,080
Standard Inflation - Expenditure	4,771,890	4,891,190	5,013,470	5,138,810	5,267,280
- Income	(4,522,600)	(4,635,670)	(4,751,560)	(4,870,350)	(4,992,110)
	40,682,770	40,687,090	41,859,220	42,691,660	43,544,910
<u>Efficiencies</u>					
Delete Head of Shared Service Centre post - merge team with Shared IT function	(85,000)				
Accurate recovery of costs for administering the Pension Fund	(150,000)				
Delete one post in Student Finance	(34,000)				
Property Services & Asset Management - efficiency saving from consolidation of asset management, facilities management and property services across the council	(100,000)				
E-recruitment	(30,000)				
Registrars - review of allowances / increased income	(40,000)				
Property Rents - Increased rent collection	(100,000)				
	(539,000)	0	0	0	0
<u>Full Year Effects</u>					
IT income base budget adjustment – a base budget problem has been carried for two years but now needs to be corrected, it relates mainly to charges to schools, which is now reflected in Children's Service budget.	230,000				
	230,000	0	0	0	0
<u>Pressures</u>					
Reduction in Housing Benefit Administration grant	230,000				
Bailiffs' - Fees for Liability Orders		360,000			
	230,000	360,000	0	0	0
<u>Service Reductions</u>					
Grants - remove provision for inflation on grants budget	(30,000)				
Delete one HR Head of Service post	(85,000)				
Delete one finance / accountancy post	(50,000)				
Increased housing benefit subsidy through efficient processing and property classification	(760,000)				
Council tax collection - additional staff	175,000				
Court costs - reduced income	41,000				
	(709,000)	0	0	0	0
Budget	39,894,770	41,047,090	41,859,220	42,691,660	43,544,910

Revenue Budget 2009-10

RESOURCES			
Profit centre	2008/09 Original Estimate	2008/09 Latest Estimate	2009/10 Original Estimate
	£	£	£
Resources Management	608,000	783,080	727,050
Asset Management	201,810	188,400	96,120
Strategic Finance	772,980	716,520	748,680
Devolved Heads of Finance	274,570	281,440	285,950
Property Services & Public Offices	8,813,700	8,832,690	8,950,590
Business Improvement	279,780	277,730	282,140
Strategic Services	10,141,030	10,108,380	10,267,360
Finance Support & Payments	1,812,430	1,974,540	1,930,050
Revenues & Benefits	4,938,600	5,035,340	4,796,020
Information Systems	7,416,460	7,234,540	7,491,210
Human Resources	1,398,610	1,673,790	1,579,390
Shared Services	15,566,100	15,918,210	15,796,670
Third Sector Commissioning Team	3,268,450	3,345,660	3,319,300
Project Consultancy	90,400	90,400	92,210
Procurement	395,010	457,010	464,600
Major Projects	3,753,860	3,893,070	3,876,110
Customer Services	1,544,140	1,528,720	1,578,270
Registration of Births Deaths & Marriages	(8,340)	4,990	(36,180)
Libraries Service	7,115,620	7,112,340	7,252,770
Organisational Development	347,920	331,570	336,600
Organisational Development & Customer Services	8,999,340	8,977,620	9,131,460
Total	39,270,140	39,868,760	39,894,770

Subjective Analysis	2008/09 Original Estimate	2008/09 Current Estimate	2009/10 Original Estimate
	£	£	£
Expenditure			
Employees	26,115,730	27,131,160	27,160,160
Premises	9,431,860	9,245,900	9,563,130
Transport	282,730	293,000	298,750
Supplies and Services	10,262,960	9,808,750	9,743,350
Third Party Payments	1,591,630	1,592,630	1,623,460
Transfer Payments	174,560,750	175,208,010	179,005,880
Capital Charges	3,650,890	3,650,890	3,650,890
Capital Financing Costs	112,600	(15,000)	(15,000)
Secondary Recharges	(493,900)	(2,882,390)	(3,021,200)
Total Expenditure	225,515,250	224,032,950	228,009,420
Income			
Government Grants	(175,179,790)	(176,395,660)	(180,091,020)
Other Grants, Reimbursements and Contributions	(1,909,170)	(1,623,440)	(1,912,590)
Customer and Client receipts	(4,895,780)	(6,145,090)	(6,111,040)
Recharges	(4,260,370)	0	0
Total Income	(186,245,110)	(184,164,190)	(188,114,650)
Net expenditure	39,270,140	39,868,760	39,894,770

CAPITAL FUNDING

APPENDIX B

SERVICE	2008/09					2009/10					2010/11				
	Grants	S106 / MRA etc	Capital Receipts *	Borrowing	Total	Grants	S106 / MRA etc	Capital Receipts *	Borrowing	Total	Grants	S106 / MRA etc	Capital Receipts *	Borrowing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Services	73				73										
Central Expenses				1,500	1,500				1,500	1,500				1,500	1,500
Children's Service	20,930	9,892	2,247	16,589	49,658	41,135	395	20,684	9,343	71,557	14,003		19,235	2,846	36,084
Corporate Governance	132			214	346				159	159				154	154
Environment & Transport	5,562	4,252		5,922	15,736	3,612	745		4,150	8,507				1,500	1,500
Planning, Housing & Regeneration	1,468	1,496	3,421	311	6,696	1,250	1,356	2,481	289	5,376	472	1,325	928	40	2,765
Resources		1,261	913	12,787	14,961		203		9,373	9,576				711	711
Sub total - General Fund	28,165	16,901	6,581	37,323	88,970	45,997	2,699	23,165	24,814	96,675	14,475	1,325	20,163	6,751	42,714
Housing Revenue Account		19,998	400	11,114	31,512		12,528		15,091	27,619		4,847		11,544	16,391
Total - all services	28,165	36,899	6,981	48,437	120,482	45,997	15,227	23,165	39,905	124,294	14,475	6,172	20,163	18,295	59,105

SERVICE	2011/12 and later years					Total 2008/12 and later years				
	Grants	S106 / MRA etc	Capital Receipts *	Borrowing	Total	Grants	S106 / MRA etc	Capital Receipts *	Borrowing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Services	73				73	73				73
Central Expenses				1,500	1,500				6,000	6,000
Children's Service			23,885	14,134	38,019	76,068	10,287	66,051	42,912	195,318
Corporate Governance				175	175	132			702	834
Environment & Transport				1,500	1,500	9,174	4,997		13,072	27,243
Planning, Housing & Regeneration		2,000	1,400	40	3,440	3,190	6,177	8,230	680	18,277
Resources				70	70		1,464	913	22,941	25,318
Sub total - General Fund		2,000	25,285	17,419	44,704	88,637	22,925	75,194	86,307	273,063
Housing Revenue Account		16,912		3,119	20,031		54,285	400	40,868	95,553
Total - all services	0	18,912	25,285	20,538	64,735	88,637	77,210	75,594	127,175	368,616

BORROWING SUMMARY FOR APPROVAL *			
	HRA	GF	Total
	£m	£m	£m
2009/10	15.1	24.8	39.9
2010/11	11.5	6.8	18.3
2011/12	3.1	17.4	20.5
2009/10 on	29.7	49.0	78.7
* Council are asked to agree long term borrowing for 2009/10 onwards of £78.7m			

Note : PSCIP in-year funding (including temporary borrowing) shown under capital receipts with final long term borrowing requirement shown in 2011-12.

CAPITAL PROGRAMME 2008-09 TO 2011-12

CAPITAL FUNDING

SERVICE	PRIOR YEARS	2008-09	2009-10	2010-11	2011-12	Future years	Total	Grants	MRA	Other (incl. S106)	Capital Receipts	Borrowing	Total 2008/09-2011/12	Prior years	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Services	292	73					365	73					73	292	365
Central Expenses	2,341	1,500	1,500	1,500	1,500		8,341					6,000	6,000	2,341	8,341
Children's Service *	12,215	49,658	71,557	36,084	38,019		207,533	76,068		10,287	66,051	42,912	195,318	12,215	207,533
Corporate Governance	460	346	159	154	175		1,294	132				702	834	460	1,294
Environment & Transport	22,394	15,829	8,414	1,500	1,500		49,637	9,174		4,997		13,072	27,243	22,394	49,637
Planning, Housing & Regeneration	17,438	6,696	5,376	2,765	3,440		35,715	3,190		6,177	8,230	680	18,277	17,438	35,715
Resources	7,829	14,961	9,576	711	70		33,147			1,464	913	22,941	25,318	7,829	33,147
Sub total - General Fund	62,969	89,063	96,582	42,714	44,704		336,032	88,637		22,925	75,194	86,307	273,063	62,969	336,032
Housing Revenue Account	101,895	31,512	27,834	16,176	11,941	8,090	197,448		46,348	7,937	400	40,868	95,553	101,895	197,448
Total - all services	164,864	120,575	124,416	58,890	56,645	8,090	533,480	88,637	46,348	30,862	75,594	127,175	368,616	164,864	533,480

* excluding schemes implemented by schools

CAPITAL PROGRAMME 2008-09 TO 2011-12

CAPITAL FUNDING

Adult Social Services	PRIOR YEARS	2008-09	2009-10	2010-11	2011-12	Future years	Total	Grants	Other (incl. S106)	Capital Receipts	Borrowing	2007/08-2010/11	Prior years funding	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
AS04 Improving the Care Environments for Older People	292	73					365	73				73	292	365
	292	73					365	73				73	292	365

CAPITAL PROGRAMME 2008-09 TO 2011-12

CAPITAL FUNDING

Central Expenses	PRIOR YEARS	2008-09	2009-10	2010-11	2011-12	Future years	Total	Grants	Other (incl. S106)	Capital Receipts	Borrowing	2007/08-2010/11	Prior years funding	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
CE01 Capitalised Redundancies	2,341	1,500	1,500	1,500	1,500		8,341				6,000	6,000	2,341	8,341
	2,341	1,500	1,500	1,500	1,500		8,341				6,000	6,000	2,341	8,341

CAPITAL PROGRAMME 2008-09 TO 2011-12

CAPITAL FUNDING

Children's Service	PRIOR YEARS	2008-09	2009-10	2010-11	2011-12	Future years	Total	Grants	Other (incl. S106.)	Capital Receipts	Borrowing	Funding 2008/09 - 2010/11	Prior year spend	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
ED01 School Access Initiatives		370	570	470			1,410				1,410	1,410		1,410
ED05 LEA Liability at VA Schools re; major capital schemes	101	9					110				9	9	101	110
ED12 Modernisation - all schools need														
Modernisation Programme prior Yrs	4,042	4,174	1,786				10,002	482	300		5,178	5,960	4,042	10,002
Modernisation Programme 2009/10			3,864	1,016			4,880	3,543			1,337	4,880		4,880
Modernisation Programme 2010/11				1,110			1,110	402			708	1,110		1,110
ED16 Surestart														
Phase 2	637	1,124	750				2,511	1,874				1,874	637	2,511
Phase 3		45	2,289	960			3,294	3,294				3,294		3,294
ED17 Big Lottery Fund Schemes	1,312	291	80				1,683	359			12	371	1,312	1,683
ED19 Underhill Infants - Childrens Centre	264	1,759	695				2,718	1,643	395		416	2,454	264	2,718
ED21 Hyde School Rebuild & Childrens Centre	905	7,119	1,486	652			10,162	1,523	488		7,246	9,257	905	10,162
ED IS for Parents & Providers		26					26	26				26		26
ED Early Years - Quality & Access			3,122	1,561			4,683	4,683				4,683		4,683
ED Extended Schools		184	795	282			1,261	1,261				1,261		1,261

CAPITAL PROGRAMME 2008-09 TO 2011-12

CAPITAL FUNDING

Children's Service	PRIOR YEARS	2008-09	2009-10	2010-11	2011-12	Future years	Total	Grants	Other (incl. S106.)	Capital Receipts	Borrowing	Funding 2008/09 - 2010/11	Prior year spend	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
ED Targeted Capital 14-19 SEN			2,000	6,000			8,000	8,000				8,000		8,000
ED22 Parkfield School	2,264	5,677	2,390				10,331	120	640		7,307	8,067	2,264	10,331
ED Woodhouse School		240					240	30			210	240		240
ED23 Primary Schools Capital Investment Programme		10,482	20,684	19,235	38,019		88,420	590	7,645	66,051	14,134	88,420		88,420
ED25 East Barnet - Rebuild	2,034	11,144	21,498				34,676	27,662	792		4,188	32,642	2,034	34,676
ED26 Youth Capital funding		170	173	173			516	489	27			516		516
Health & Safety Works (DSG funded)	529	72	31				632	103				103	529	632
ED27 Primary Capital Programme	79	6,421	6,803	4,181			17,484	17,405				17,405	79	17,484
Exceptional capital funding for cooking space		94	851				945	945				945		945
Aiming High for Disabled Children			190	444			634	634				634		634
Fairplay Playbuilders			1,000				1,000	1,000				1,000		1,000
ED99 Outstanding Commitments on completed schemes	48	257	500				805				757	757	48	805
	12,215	49,658	71,557	36,084	38,019		207,533	76,068	10,287	66,051	42,912	195,318	12,215	207,533

CAPITAL PROGRAMME 2008-09 TO 2011-12

CAPITAL FUNDING

Children's Service	PRIOR YEARS	2008-09	2009-10	2010-11	2011-12	Future years	Total	Grants	Other (incl. S106.)	Capital Receipts	Borrowing	Funding 2008/09 - 2010/11	Prior year spend	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
SCHEMES IMPLEMENTED BY SCHOOLS														
New Deals for Schools Devolved Formula		3,791	3,740	3,740			11,271	11,271				11,271		11,271
Harnessing Technology Grant		898	903	950			2,751	2,751				2,751		2,751
Locally Controlled Voluntarily Aided Programme: (LCVAP)		2,383	3,306	1,461			7,150	7,150				7,150		7,150
Specialist Schools (capital grant)	300	200					500	200				200	300	500
	12,515	56,930	79,506	42,235	38,019		229,205	97,440	10,287	66,051	42,912	216,690	12,515	229,205

CAPITAL PROGRAMME 2009-10 TO 2012-13

CAPITAL FUNDING

Corporate Governance	PRIOR YEARS	2008-09	2009-10	2010-11	2011-12	Future years	Total	Grants	Other (incl. S106)	Capital Receipts	Borrowing	2007/08-2010/11	Prior years funding	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
LP03 Legal case management system														
LP04 Emergency Response Command Centre	70	94					164				94	94	70	164
CCTV Installation		120	159	154	175		608				608	608		608
SD05 Building Safer Communities	390	132					522	132				132	390	522
	460	346	159	154	175		1,294	132			702	834	460	1,294

CAPITAL PROGRAMME 2008-09 TO 2011-12

CAPITAL FUNDING

Environment & Transport	PRIOR YEARS	2008-09	2009-10	2010-11	2011-12	Future years	Total	Grants	Other (incl. S106)	Capital Receipts	Borrowing	2007/08-2010/11	Prior years funding	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
EN02 Waste recycling schemes Green Bins Paper and can recycling banks	1,151	378					1,529				378	378	1,151	1,529
EN03 Parks Infrastructure Security of park boundaries	34						34						34	34
EN08 Watling Park (S106) Entrance gates	135	13					148		13			13	135	148
EN10 Glebelands Open Space - Sports Pitches	7	68					75		68			68	7	75
EN12 Closed Circuit Television in Town Centres Radio Communications System	38	62					100				62	62	38	100
EN14 CCTV Installation: NRF Funding East Finchley/Burnt Oak - CCTV, Development & Delivery 2007-08	129	19					148				19	19	129	148
EN15 2006-07 Town Centre Programmes: Installations in Town Centres and works to Control Room NRF Funding East Finchley/Burnt Oak - CCTV, Development & Delivery	126	13					139	13				13	126	139
EN99 Outstanding Environment services commitments on completed schemes	8	77					85				77	77	8	85
EN1 Victoria Park Pavillion Rebuild		62					62				62	62		62

CAPITAL PROGRAMME 2008-09 TO 2011-12

CAPITAL FUNDING

Environment & Transport	PRIOR YEARS	2008-09	2009-10	2010-11	2011-12	Future years	Total	Grants	Other (incl. S106)	Capital Receipts	Borrowing	2007/08-2010/11	Prior years funding	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
HD01 Structural Maintenance of Bridges	348	93					441	93				93	348	441
2009-10 allocation			98				98	98				98		98
<i>Programmes funded by Transport For London</i>														
HD03 Local Safety Schemes														
2007-08 programme	837	128					965	128				128	837	965
2008-9 programme														
Future Scheme Identification		35					35	35				35		35
Mass Action Accidents on Wet Road Surface & pedestrian crossings 08-09		60					60	60				60		60
Schemes to be Agreed with TFL (Funding confirmed)		140					140	140				140		140
Hendon		600					600	600				600		600
2009-10 programme			705				705	705				705		705
<i>Programmes funded by Transport For London</i>														
HD04 Carriageway Reconstruction - Principal Roads														
2006/07 and 2007/08 allocation	2,570	109					2,679	109				109	2,570	2,679
2008-9 allocation														
Hendon		645					645	645				645		645
2009-10 allocation			968				968	968				968		968
<i>Programmes funded by Transport For London</i>														
HD07/08 Road Traffic Act - Controlled Parking Zones	886	103					989		103			103	886	989
2008-09 Programme		400					400		400			400		400

CAPITAL PROGRAMME 2008-09 TO 2011-12

CAPITAL FUNDING

Environment & Transport	PRIOR YEARS	2008-09	2009-10	2010-11	2011-12	Future years	Total	Grants	Other (incl. S106)	Capital Receipts	Borrowing	2007/08-2010/11	Prior years funding	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2009-10 Programme <i>Programme funded from Special Parking Account</i>			400				400		400			400		400
HD10 Footway Reconstruction														
Chipping Barnet	25	643					668		643			643	25	668
Finchley and Golders Green	110	60					170		60			60	110	170
Hendon	46	169					215		169			169	46	215
<i>Schemes funded by Section 106</i>														
HD11 London Bus Priority Network														
2007/8 programme	1,443	29					1,472	29				29	1,443	1,472
2008/9 programme														
Consultants costs		830					830	830				830		830
Works		1,000					1,000	1,000				1,000		1,000
2009/10 programme <i>Programme funded by Transport For London</i>			650				650	650				650		650
HD12 Cycling	207	12					219	12				12	207	219
2008/9 Allocation		172					172	172				172		172
Cycling Non LCN 2009-10			117				117	117				117		117
Cycling LCN Schemes <i>Programme funded by Transport For London</i>			115				115	115				115		115
HD14 Pursley Road - Traffic Management														
2007/8 Allocation	152	59					211		59			59	152	211
2008/9 Allocation <i>Funded by S106 Agreement</i>		20					20		20			20		20

CAPITAL PROGRAMME 2008-09 TO 2011-12

CAPITAL FUNDING

Environment & Transport		PRIOR YEARS	2008-09	2009-10	2010-11	2011-12	Future years	Total	Grants	Other (incl. S106)	Capital Receipts	Borrowing	2007/08-2010/11	Prior years funding	Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
HD35	Highways Investment 2006-07 and 2007/8	3,727	369					4,096				369	369	3,727	4,096
	2008/9 Allocation														
	Chipping Barnet		720					720				720	720		720
	Finchley and Golders Green		751					751				751	751		751
	Hendon		766					766				766	766		766
	<i>Programmes funded by Prudential Borrowing / S106</i>														
HD36	School Travel Plans														
	2007/08 allocation	435	160					595	160				160	435	595
	2008/09 allocation		663					663	663				663		663
	2009/10 allocation			556				556	556				556		556
	<i>Programmes funded by Transport For London</i>														
HD38	Carriageways and Footways														
	Annual Programme	718	2,156	2,350				5,224				4,506	4,506	718	5,224
	Capitalisation of planned maintenance			1,500	1,500	1,500		4,500				4,500	4,500		4,500
HD39	Travel Plan Implementation		33					33				33	33		33
HD40	Signature Street Cleansing Service Plant & Equipment Requirements	231	79					310				79	79	231	310
HD43	Congestion Reduction Methods	283	317	300				900				617	617	283	900
	Grahame ParkP/Cricklewood Transport Improvements	50	50					100				50	50	50	100
	<i>Programmes funded by Prudential Borrowing</i>														

CAPITAL PROGRAMME 2008-09 TO 2011-12

CAPITAL FUNDING

Environment & Transport	PRIOR YEARS	2008-09	2009-10	2010-11	2011-12	Future years	Total	Grants	Other (incl. S106)	Capital Receipts	Borrowing	2007/08-2010/11	Prior years funding	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
HD44 Local Accessibility Scheme (LAS) Work Programme														
2008/09 Programme		40					40	40				40		40
2009/10 Programme			40				40	40				40		40
<i>Programmes funded by Transport For London</i>														
HD99 Outstanding Transport commitments on completed schemes		48					48				48	48		48
	22,394	15,829	8,414	1,500	1,500		49,637	9,174	4,997		13,072	27,243	22,394	49,637

CAPITAL PROGRAMME 2008-09 TO 2011-12

CAPITAL FUNDING

Planning, Housing and Regeneration	PRIOR YEARS	2008-09	2009-10	2010-11	2011-12	Future years	Total	Grants	Other (incl. S106)	Capital Receipts	Borrowing	2007/08-2010/11	Prior years funding	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
HOUSING GENERAL FUND:														
HS01 Housing Association Programme	3,639	1,496	1,073	1,325	2,000		9,533		5,894			5,894	3,639	9,533
HS17 GF Regeneration	9,212	3,501	2,246				14,959			5,227	520	5,747	9,212	14,959
HS27 Disabled Facilities Grants - Mandatory	4,380	1,468	1,250	1,250	1,250		9,598	3,190		2,028		5,218	4,380	9,598
Disabled Facilities Grants - Discretionary	87	191	150	150	150		728			641		641	87	728
HS28 Housing Management System			334				334			334		334		334
HS29 Greentop Centre			170				170		170			170		170
HS30 Open Space Landscaping			113				113		113			113		113
EN11 Environmental Officer - capitalisation of salary	120	40	40	40	40		280				160	160	120	280
	17,438	6,696	5,376	2,765	3,440		35,715	3,190	6,177	8,230	680	18,277	17,438	35,715

CAPITAL PROGRAMME 2008-09 TO 2011-2012

CAPITAL FUNDING

Housing Associations	No. of units	IMPLEMENTATION		PRIOR YEARS	2008-09	2009-10	2010-11	2011-2012	Future years	Total	Grants	Other (incl. S106)	Capital Receipts	Borrowing	2007/08-2010/11	Prior years funding	Total
		START	END														
FAMILY HOUSING ASSOCIATION - Bunns Lane				£000	£000	£000	£000	£000		£000	£000	£000	£000	£000	£000	£000	£000
New Build s106 site. 12 x two bed flats for rent	12	Apr-07	Apr-08	861	215					1,076		215			215	861	1,076
NOTTING HILL HOUSING TRUST - New Fieldways																	
New build site for 20 flats for rent	20	Jan-06	Jun-08	1,814	454					2,268		454			454	1,814	2,268
METROPOLITAN HOUSING TRUST Page Street, NW7																	
5 x 4 bedroom homes to rent secured through a S106 agreement	5	Mar-06	Apr-07	544	136					680		136			136	544	680
PADDINGTON CHURCHES HOUSING ASSOCIATION - Highway Agency Properties																	
Purchase and refurbishment / repair of family units.	4	Mar-02	Dec-09	420		57				477		57			57	420	477
PADDINGTON CHURCHES HOUSING ASSOCIATION Pert Close, N10																	
New build of family sized houses to meet to meet current housing needs	4	Oct-09	Nov-10			325	325			650		650			650		650
HOME GROUP Long Lane, N2																	
6 large family houses	6	Mar-09	Mar-10		691	691				1,382		1,382			1,382		1,382
NEW BUILD OPPORTUNITIES																	
S106 and Local Authority site disposals	10	t.b.a	t.b.a				1,000	2,000		3,000		3,000			3,000		3,000
HOUSING ASSOCIATIONS TOTAL				3,639	1,496	1,073	1,325	2,000		9,533		5,894			5,894	3639	9,533

CAPITAL PROGRAMME 2008-09 TO 2011-12

CAPITAL FUNDING

Resources	PRIOR YEARS	2008-09	2009-10	2010-11	2011-12	Future years	Total	Grants	Other (incl. S106)	Capital Receipts	Borrowing	2007/08-2010/11	Prior years funding	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
IT04 Electronic Social Care Record (ESCR)	138		431				569				431	431	138	569
Electronic Documents and Records Management System (EDRM)	1,673	1,100	2,730				5,503		778		3,052	3,830	1,673	5,503
IT06 Mobile Working Strategy Development	10	72					82				72	72	10	82
IT09 Customer Relationship Management System (CRM)	636	1,964					2,600				1,964	1,964	636	2,600
IT10 Modernising the Way We Work	1,390	3,043	1,500	591			6,524				5,134	5,134	1,390	6,524
IT11 Norwell Case Management Implementation	45	35					80				35	35	45	80
IT12 Business Systems Disaster Recovery		170	70	70	70		380				380	380		380
IT13 Project & Programme Management Software	120	38					158				38	38	120	158
IT14 Shared Service Centre	448	702					1,150				702	702	448	1,150
IT15 SWIFT		580					580				580	580		580
IT16 Education Management Information System	292	61					353				61	61	292	353
IT17 Corporate software licensing <i>Funded by earmarked reserve</i>	265	404	126				795		530			530	265	795
CE05 Copthall Stadium - resurfacing of athletics track	361	14					375				14	14	361	375

CAPITAL PROGRAMME 2008-09 TO 2011-12

CAPITAL FUNDING

Resources	PRIOR YEARS	2008-09	2009-10	2010-11	2011-12	Future years	Total	Grants	Other (incl. S106)	Capital Receipts	Borrowing	2007/08-2010/11	Prior years funding	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
HD41 Land & Assets Programme														
Plantech implementation programme	269	370					639				370	370	269	639
GIS		95	91				186				186	186		186
HD42 Arts Depot lift	6	89					95				89	89	6	95
ED23 PSCIP														
Procurement & Consultant costs	1,095	528					1,623				528	528	1,095	1,623
ED28 Libraries Strategy	373	917					1,290		50		867	917	373	1,290
Minor works		29	77				106		106			106		106
HE08 Energy Efficiency Measures	6	272	196				474				468	468	6	474
HE09 Accommodation Strategy														
Hendon Complex Midd University Move	586	1,106					1,692				1,106	1,106	586	1,692
Office Consolidation		371	3,360	50			3,781				3,781	3,781		3,781
HTH Committee room refurb		1,250	250				1,500				1,500	1,500		1,500
New IT Centre		250					250				250	250		250
HE01 North London Business Park - planning reception area.	20	80					100				80	80	20	100
HE10 West of Borough Customer Access Facility (Burnt Oak)	96	1,066					1,162			913	153	1,066	96	1,162
HE11 Friary House		25	675				700				700	700		700

CAPITAL PROGRAMME 2008-09 TO 2011-12

CAPITAL FUNDING

Resources	PRIOR YEARS	2008-09	2009-10	2010-11	2011-12	Future years	Total	Grants	Other (incl. S106)	Capital Receipts	Borrowing	2007/08-2010/11	Prior years funding	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Depot Relocation		150					150				150	150		150
Copthall Roof		180	70				250				250	250		250
	7,829	14,961	9,576	711	70		33,147		1,464	913	22,941	25,318	7,829	33,147

CAPITAL PROGRAMME 2008-09 TO 2011-12

CAPITAL FUNDING

Housing Revenue Account	PRIOR YEARS	2008-09	2009-10	2010-11	2011-12	Future years	Total	MRA	Other (incl. S106)	Capital Receipts	Borrowing	2007/08-2010/11	Prior years funding	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
HRA PROGRAMME:														
Cash Incentives - Managed by Barnet Homes	2,536	400	400	400			3,736			400	800	1,200	2,536	3,736
Housing Renovation Programme Current Programme - Managed by Barnet Homes														
Transitional Programme	24,233	20					24,253	20				20	24,233	24,253
Partnering Packages														
Barnet	20,388	5,629	5,745	4,134			35,896	9,574			5,934	15,508	20,388	35,896
Finchley	11,732	6,821	5,898	4,829			29,280				17,548	17,548	11,732	29,280
Hendon/Edgware	25,907	9,850	10,302				46,059	4,560	7,206		8,386	20,152	25,907	46,059
Sheltered/Hostles	5,431	2,800	800				9,031	2,334			1,266	3,600	5,431	9,031
Renovations/Modernisations				3,000	10,041	6,590	19,631	19,631				19,631		19,631
Adaptations	3,980	1,900	1,430	1,466	500	500	9,776	3,115			2,681	5,796	3,980	9,776
Regeneration Estates	1,069	2,000	1,104	1,133	500	500	6,306	3,672			1,565	5,237	1,069	6,306
Miscellaneous Works	6,619	1,842	1,765	1,214	900	500	12,840	3,442	91		2,688	6,221	6,619	12,840
Extensions and Deconversions		250	390				640		640			640		640
	101,895	31,512	27,834	16,176	11,941	8,090	197,448	46,348	7,937	400	40,868	95,553	101,895	197,448

TREASURY MANAGEMENT, CAPITAL PRUDENTIAL CODE & BORROWING LIMITS

Introduction

The prudential indicators for the forthcoming and following years must be set before the beginning of the forthcoming year. The Prudential Code financial indicators, Treasury Management Strategy Limits and Minimum Revenue Provision Policy Statement requiring Council consideration are set out below.

2009/10 Budget & Rent Setting Reports

1. The ratio of financing costs to net revenue stream shows the estimated annual revenue costs of borrowing (net interest receivable / payable on debt and the minimum revenue provision for repaying the debt) as a proportion of annual income from government grants and council taxpayers. The estimates of financing costs set out below include current commitments and the proposals in this budget report.

Ratio of financing costs to net revenue stream	2007/08 Actual %	2008/09 Estimate %	2009/10 Estimate %	2010/1 Estimate %	2011/12 Estimate %
Non-HRA	-1.52	1.10	3.71	3.65	3.23
HRA	58.00	33.00	33.00	34.00	35.00

2. The incremental impact of capital investment decisions reflects the estimated annual increase/decrease in Band D Council Tax as a result of new proposed capital spending. As set out in the main report, all the Council's borrowing is deemed to be prudential as the Government's notional supported borrowing allocations do not result in additional revenue support grant.

The estimate of the incremental impact of capital investment decisions proposed in this budget report, over and above capital investment decisions that have previously been made by the Council and full year effects are set out below. The reduction over time reflects future assumptions on interest rates, revenue efficiency savings, and funding of the capital programme through other means, e.g. capital receipts.

Incremental Impact on Band D Council Tax		
2009/10	2010/11	2011/12
£16.15	£14.66	£11.62

3. In considering its programme for capital investment, the Council is required by the Prudential Code to have regard to:-
 - affordability (implications for Council Tax)
 - prudence and sustainability (implications for external borrowing)
 - value for money (option appraisal)
 - stewardship of assets (asset management planning)
 - service objectives (the Corporate Plan)
 - practicality (achievability of the forward plan).

A key measure of affordability is the incremental impact on the Council Tax, and the Council could consider different options for its capital investment programme in relation to their differential impact on the Council Tax.

4. Estimates of the end of year Capital Financing Requirement (CFR) for the current and future years, and the actual CFR at 31 March 2008 are set out below.

Capital Financing Requirement (CFR)					
	2007/08 Actual £'000	2008/09 Estimate £'000	2009/10 Estimate £'000	2010/11 Estimate £'000	2011/12 Estimate £'000
Non-HRA	81,171	114,505	134,165	134,861	146,785
HRA	62,881	73,995	89,086	100,630	103,749
CFR presented to Council in March 2008					
Non-HRA	97,401	142,812	160,758	151,354	
HRA	53,036	80,327	97,149	101,143	

5. The CFR is a measure of the underlying need to borrow for capital purposes, so excludes capital expenditure financed by capital receipts, capital grants, revenue contributions and third party contributions. In accordance with statutory guidance, the Council does not associate borrowing with particular items or types of expenditure in the accounts, although when approving new projects and other variations to the capital programme the likely impact on the overall level of prudential (unsupported) borrowing is advised to Members. Financial Regulations allow the Chief Finance Officer to amend the funding of capital projects if this is to the Council's overall financial benefit.
6. The Council has an integrated Treasury Management Strategy (TMS) and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. Barnet has at any point in time a number of cashflows both positive and negative, and manages its overall treasury position in accordance with the approved TMS and treasury practices. In daily cash management, no distinction is made between revenue cash and capital cash, as external borrowing arises as a consequence of all the financial transactions and not simply those arising from capital spending. In contrast, the CFR reflects the underlying need to borrow for capital purposes.
7. The CIPFA Prudential Code for Capital Finance in Local Authorities includes the following as a key indicator of prudence:- In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

Net borrowing refers to the council's total external borrowing. The Chief Finance Officer reports that the council had no difficulty meeting this requirement in 2008/09, and that there are no difficulties envisaged over the term of the proposed capital programme. This view takes into account current commitments, existing plans, and the proposals in this budget report.

8. **The actual capital expenditure that was incurred in 2007/08 and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are as follows:-**

Capital programme	2007/08 Actual	2008/09 Estimate	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate
	£'000	£'000	£'000	£'000	£'000
Adult Social Services	292	73			
Central Expenses	1,197	1,500	1,500	1,500	1,500
Children's Service	15,375	49,658	71,557	36,084	38,019
Corporate Governance	129	346	159	154	175
Environment & Transport	17,004	15,829	8,414	1,500	1,500
Planning, Housing & Regeneration Resources	5,418 8,312	6,696 14,961	5,376 9,576	2,765 711	3,440 70
General Fund	47,727	89,063	96,582	42,714	44,704
Housing Revenue Account	36,942	31,512	27,834	16,176	11,941
Total Programme	84,669	120,575	124,416	58,890	56,645

9. External debt is defined in the Prudential Code as the sum of external borrowing and other long-term liabilities.

Cabinet is asked to recommended that Council approves the following Authorised Limits for its total external debt for the next three financial years – this being the statutory limit determined under Section 3(1) of the Local Government Act 2003 – and agrees the continuation of the previously agreed limit for the current year since no change to this is necessary.

Authorised limit for external debt	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000
Borrowing	229,457	254,533	254,533	254,533
Other long term liabilities ¹	90,000	50,000	50,000	50,000
	319,457	304,533	304,533	304,533

The Council has decided to adopt as its Authorised Limit for 2009/10 and 2010/11 the calculated limit for 2011/12. By adopting this approach the Council will be able to take advantage of any falls in the interest rate market and take its future borrowing at the optimum time.

10. The prudential indicator for the authorised level of external debt is the means by which the council will comply with the legislative requirement to determine and keep under review the amount it can afford to borrow for capital expenditure purposes. These Authorised Limits are consistent with the council's current commitments, existing plans and proposals in this budget report for capital expenditure and financing, and with its approved treasury management policy statement and practices. Risk analysis and risk management strategies have been taken into account, as have estimates of the CFR cashflow requirements.

¹ This represents headroom for additional borrowing to cover for risks like non-receipt of capital receipts, housing subsidy, RSG etc.

11. **Cabinet is asked to recommend that Council approve the following Operational Boundary for external debt:-**

Operational Boundary for external debt	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000
Borrowing	225,957	253,533	253,533	253,533
Other long term liabilities	73,500	31,000	31,000	31,000
Total	299,457	284,533	284,533	284,533

The proposed Operational Boundary for external debt is based on the same estimates as the Authorised Limits, but includes further headroom to allow for unusual cash movements. It represents a key management tool for in-year monitoring, and within it the figures for borrowing and other long term liabilities are separately identified.

12. The council's external debt at 31 January 2009 was £215.5m. This is the position at a single point in time, so is not directly comparable to the Authorised Limit or Operational Boundary.

2009/10 Treasury Management Strategy Limits

13. The council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.
15. **Cabinet is asked to recommend to Council to set an upper limit on its fixed interest rate exposures for 2009/10, 2010/11 and 2011/12 of 100% of its net outstanding principal sums.**
16. **Cabinet is asked to recommend that the Council sets an upper limit on its variable interest rate exposures for 2009/10, 2010/11 and 2011/12 of 30% of its net outstanding principal sums.**
17. The above mean that the Chief Finance Officer will manage fixed interest rate exposures within the range 70%-100%, and variable interest rate exposures within the range 0%-30%. This is a continuation of current practice and provides flexibility to take advantage of any favourable movements in interest rates.
18. **Cabinet is asked to recommend to Council that it approve and set upper and lower limits for the maturity structure of borrowings as set out in the table below.**

Fixed Rate Maturity Borrowing	Upper limit	Lower limit
Under 12 months	40%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	40%	0%
5 years and within 10 years	40%	0%
10 years and above	95%	25%

The table shows the upper and lower limits of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate at the start of the period:

19. **Cabinet is asked to recommend to Council that it approve an upper limit of 40% of borrowing maturing in any one year.**
20. As at 31 January 2008 the council's debt maturity profile was:-

Debt Maturity Profile	£m	% of Total Borrowing
Under 12 months	8.50	3.94
12 months and within 24 months	17.00	7.89
24 months and within 5 years	41.00	19.03
5 years and within 10 years	10.00	4.64
10 years and above	139.00	64.50
Total	215.50	100.00

Monitoring

21. The Prudential Code requires that performance is monitored against all forward looking indicators and that significant deviations from expectations are highlighted. This monitoring is undertaken as part of capital monitoring reported to Cabinet Resources Committee.

2009/10 Minimum Revenue Provision (MRP) Policy Statement

22. **Cabinet is asked to recommend to Council that the MRP Policy Statement set out in paragraphs 23 to 27 be approved.**
23. The Council will implement the new Minimum Revenue Provision (MRP) guidance in 2009/10, and assess the MRP in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.
24. The guidance proposes four options. Options 1 and 2 relate to historic debt and notional supported debt through the Formula Grant system. Options 3 and 4 set out repayment methods for new prudential borrowing.
25. The Council will continue to charge 4% on capital expenditure incurred before 1 April 2008 and future Supported Capital Expenditure in accordance with Option 1 of the guidance. Capital expenditure incurred on or after 1 April 2008 which is funded from unsupported borrowing will be subject to MRP under Option 3 Asset Life Method, which will be charged over a period which is based on the estimated useful life of the assets, using the equal annual instalment method. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.
26. Estimated life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.
27. As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which

most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

Financial Forward Plan 2009-2014

	2009/10	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m	£m
Base budget (net of AEF, DSG / Collection Fund)	147.194	152.069	155.865	159.766	163.757
Pay awards & inflation (excluding Schools Budget)	6.557	6.724	6.892	7.064	7.240
Full year effects	0.474	0.026	0.000	0.000	0.000
Efficiencies	(4.000)	0.050	0.000	0.000	0.000
Pressures	13.802	5.527	1.549	(0.223)	0.000
Reductions	(7.141)	0.347	0.070	0.400	1.000
Collection Fund adjustments	(0.508)	0.000	0.000	0.000	0.000
Area Based Grant	(1.168)	0.270	0.000	0.000	0.000
Formula Grant	(1.890)	(2.610)	0.000	0.000	0.000
	153.320	162.403	164.376	167.007	171.997
Balances	(1.000)	1.000	0.000	0.000	0.000
Special Parking Account	(0.251)	0.000	0.000	0.000	0.000
Contingency for new pressures	0.000	5.000	5.000	5.000	5.000
Budget reductions to be identified	0.000	(12.538)	(9.610)	(8.250)	(9.140)
Call on Collection Fund	152.069	155.865	159.766	163.757	167.857
Council Tax (Band D)	£1,113	£1,141	£1,170	£1,199	£1,229
Medium Term Financial Strategy	2.81%	2.50%	2.50%	2.50%	2.50%

Appendix E

CAPPING REGIME

The Local Government Act 1999 provides the Secretary of State with powers in respect to capping. These operate at two levels - nomination (equivalent to a 'yellow card') and designation (equivalent to a 'red card'). The process is complicated and the following explanations provide an outline. The full legal interpretation of the Act is provided at the end of this Appendix.

There are two routes with nomination: -

- i) the council is given a warning and told to rein in its spending or it will be capped in a future year. A 'notional amount' is set, to be used as the basis for deciding future capping decisions;
- ii) the council is told that it is being designated for the following year - e.g. its cap limit in the current year is greater than its target amount.

Although nomination is likely to be announced around May/June, councils will not find out the capping level for the following year until the local authority finance settlement in November/December.

In year designation is similar to previous capping regimes. The Secretary of State sets a 'maximum amount' (cap) and a 'target'. Where the target maximum amount is different to the target, the council will be told the year by which it is expected to reduce its budget to the target amount.

The current regime is more sophisticated and selective. The Secretary of State intends to take into account the cumulative effect of budget changes over several years,, a council's performance in the delivery of Best Value; local residents' views on the budget; and any award of Beacon status. Target amounts enable budget reductions to the cap limit over several years.

There is no indication that more detailed guidance on the use of these powers will be issued in the foreseeable future. Councils must rely on various sources of information to guess what budget levels will help them avoid capping. Such information includes principles used in previous years and statements by the Secretary of State;. The Secretary of State is under no duty to divulge or consult on the criteria adopted in deciding which authorities to designate.

Authorities that are either designated or nominated may make representations to the Secretary of State. There is also the option to challenge in the courts, but from previous experience councils have found that the House of Lords has viewed the question of whether a budget requirement is excessive to be a matter of political judgement for the Secretary of State, which is not bound by an authority's own view of expenditure needs.

Legal Interpretation -

Capping is abolished and replaced with a new process by Part II of the Local Government Act 1999 (the Act). Section 30 of the Act provides that Schedule 1 to the Act shall apply in relation to the limitation of council tax and precepts as regards the financial year beginning with 1st April 2000 and subsequent financial years. The Schedule inserted as chapter 1VA (that is sections 52A to 52Z) into the Local Government Finance Act 1992.

In outline the provisions on budget as referred to at paragraph 8.22 of the Committee report is as follows: -

The Secretary Of State is given power to **designate or nominate** an authority if in his opinion the amount calculated by the authority as its budget requirement for a financial year (the year under consideration) is excessive (section 52B&D).

The question whether an amount is excessive must be decided in accordance with a set of principles determined by the Secretary of State. One of the principles must include a comparison between the amount calculated by the authority as its budget for the year under consideration and the amount calculated as its budget for a financial year falling before the year under consideration - with 1998 to 1999 being the first year which can be taken into account (section 52B(4)).

The Secretary of State may provide an alternative "notional amount" which in his opinion should be used as the basis of any comparison in place of the amount calculated by the authority as its budget requirement for a financial year falling before the year under consideration (section 52C).

Designation -

The Secretary of State shall notify the authority amongst others of (1) the designation (2) the amount which he proposes should be the maximum for the amount calculated by the authority as its budget requirement for the year; (3) the target amount for the year, that is, the maximum amount which he proposes the authority could calculate as its budget requirement for the year without the amount calculated being excessive (section 52E).

Nomination -

The Secretary of State shall notify an authority in writing amongst others of (1) the nomination; (2) the amount which he would have proposed as the target amount for the year under consideration if he had designated the authority as regards that year.

The Secretary of State then has to decide whether or not to designate the authority after the nomination.

Designation after Nomination -

If the Secretary of State follows this route, then he shall (a) designate the authority as regards the financial year immediately following the year under consideration; (b) determine an amount which he proposes should be the maximum for the amount calculated by the authority as its budget for the year as regards which the designation is made; (c) determine the target amount for the year as regards which the designation is made (section 52M). The Secretary of State will of course notify the authority of a-c.

No Designation after Nomination -

In this event, the Secretary of State shall determine an amount, which he proposes should be the "notional amount" calculated by the authority as its budget requirement for the year under consideration. He shall notify the authority of that amount and the amount which he would have proposed as the maximum for the amount calculated by the authority as its budget requirement for the year under consideration if he had designated the authority as regards that year (section 52N).

An authority designated or nominated may make representations to the Secretary of State.

Department	Contract Name
Adult Social Services	284 Service Providers for Personal Social Care Contracts Advocacy in Barnet Age Concern Barnet Alzheimer's Society Anand Centre Approx 162 Individual Contracts for Personal Social Care Barnet African Caribbean Association (BACA) Barnet Asian Old Peoples Association (BAOPA) Barnet Care and Support Service (BCAS) British Red Cross Home from Hospital Service Campus Re provision Carers Nurse Home Bathing Service Home Care Housing 21 IMCA Contract Integrated Community Equipment Service Meals at home Mental Health Recovery Services, Residential and Accommodation Provision Middlesex Association for the Blind Older Adults Various Contracts Physical Disabilities, Employment Based Services Provision S256 transfers Supporting People (various) Telecare Contract Younger Adults Mental Health Grants Fremantle Trust
Chief Executive and Strategy	Municipal sponsorship town centres/roundabouts/boundaries
Children's Service	CCIS Children's Rights Service Inclusive Play Provision LDD Play Provision Play Builders Sandwiches Supported lodgings
Corporate Governance	FMS external assessment of schools Internal Audit of Schools Systems Based Auditing
Environment and Transport	ANPR Software Bailiff contract Barnet Bond Consultants Work Cashless parking Growth Area Fund Round 3 (4 projects) Consultants Litter Bin Sacks Litter Bins Parking Area Office(s) Pay & Display Machines (Maintenance) Pay & Display Machines (Supply) Refuse Sacks Satellite Depots Supply of Diesel Fuel- (Automotive Contract, Contract number DFG3a/5004/4) Supply of Wheeled Bins (Metal) Supply of Wheeled Bins (Plastic) Supply of Wheeled Bins review

Department	Contract Name
Major Projects	Accommodation Project - Building works (alterations/M&E) Child's Hill - New build Children's Centre and Language & Communication resourced provision Cleaning Materials Computer Consumables Consultancy Framework Diesel Electricity over 100kw Electricity under 100kw Gas over 25,000 Therms Gas under 25,000 Therms Heating Oil (Red Diesel) Photocopy Paper Stationery Translation & Interpretation Service
Planning, Housing and Regeneration	Barnet Suburban Characterisation Study Dollis Valley Design Dollis Valley ITA Dollis Valley Regeneration Scheme ITA Services (Stonegrove/Spur Road) LDF Consultation and Document Management System New Barnet Town Centre Framework North Finchley Town Centre Planning Strategy PCHA HALS Nomination Agreement Stonegrove/Spur Road Cost Monitoring Town Centre Floorspace Needs Assessment
Resources	Bailiff contract Balance Learning Ltd Blue 9 BT BT Directory Charter Continuum System Doc's on Line Experian Fortune Management Hendon Café Local Advertising Space (Local Press) Logica CRM Lonsto Loomis Mosaic Non-Life Insurance - Liability and Motor Non-Life Insurance - Property and Pecuniary Risks Pension Fund Investment Managers Recruitment Advertising Services SAP CRM Supply, Implementation, Support and Managed Service for delivery of Integrated Suite Treasury Advisors VAT Helpline Tablet and Thin Client H/W support Shared Data Centre Project Infrastructure Security Integration review Email Archiving Wireless Barnet

Appendix G

Reserves and Balances 2007/08

Borough	Gross cost of services £'000	Gross income £'000	Net cost of services £'000	General Fund balance £'000	Earmarked reserves £'000	TOTAL RESERVES £'000	Reserves as % of of Gross Exp and income	Rank Overall
Corp of London	301,000	127,300	173,700	46,470	69,870	116,340	27.16%	1
K&C	554,899	417,218	137,681	14,255	211,000	225,255	23.17%	2
Hackney	1,028,685	1,031,243	-2,558	15,000	169,607	184,607	8.96%	3
Greenwich	947,741	722,989	224,752	7,150	120,576	127,726	7.64%	4
Westminster	928,077	659,066	269,011	69,930	47,868	117,798	7.42%	5
Camden	916,742	706,316	210,426	17,835	88,971	106,806	6.58%	6
Enfield	883,733	659,799	223,934	10,119	78,570	88,689	5.75%	7
Kingston	379,666	267,780	111,886	4,695	29,692	34,387	5.31%	8
Richmond	480,421	341,708	138,713	12,094	30,191	42,285	5.14%	9
Bromley	658,817	470,700	188,117	45,214	10,846	56,060	4.96%	10
Bexley	487,856	334,913	152,943	14,528	24,966	39,494	4.80%	11
Waltham Forest	787,316	586,008	201,308	7,907	55,503	63,410	4.62%	12
Wandsworth	788,022	613,463	174,559	10,976	51,632	62,608	4.47%	13
Tower Hamlets	1,270,503	879,036	391,467	25,876	64,497	90,373	4.20%	14
Havering	553,371	363,646	189,725	10,028	25,978	36,006	3.93%	15
Haringey	1,070,556	881,562	188,994	11,946	63,006	74,952	3.84%	16
Hammersmith & Fulham	662,878	503,217	159,661	14,158	29,600	43,758	3.75%	17
Hounslow	620,127	466,795	153,332	19,240	20,663	39,903	3.67%	18
Lewisham	1,207,717	770,973	436,744	10,936	59,770	70,706	3.57%	19
Brent	884,835	692,733	192,102	9,055	46,363	55,418	3.51%	20
Barking & Dagenham	635,624	461,276	174,348	8,306	25,465	33,771	3.08%	21
Ealing	968,600	718,504	250,096	14,153	36,999	51,152	3.03%	22
Redbridge	723,715	555,147	168,568	12,558	23,307	35,865	2.80%	23
Sutton	482,370	325,257	157,113	11,140	10,556	21,696	2.69%	24
Merton	474,524	336,271	138,253	10,394	11,052	21,446	2.65%	25
Islington	1,007,575	796,313	211,262	11,677	34,992	46,669	2.59%	26
Barnet	885,189	591,224	293,965	17,447	18,614	36,061	2.44%	27
Newham	1,258,500	1,014,000	244,500	17,518	32,918	50,436	2.22%	28
Southwark	1,387,530	1,008,295	379,235	17,343	35,593	52,936	2.21%	29
Lambeth	1,416,821	960,703	456,118	17,033	27,023	44,056	1.85%	30
Croydon	982,599	732,704	249,895	9,286	19,033	28,319	1.65%	31
Hillingdon	723,505	539,286	184,219	13,036	1,166	14,202	1.12%	32
Harrow	545,014	371,844	173,170	3,031	1,567	4,598	0.50%	33