

MTFS and Budget Planning

Overview & Scrutiny Committee

25 November 2019

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Interim Divisional Director Finance, Procurement & Audit



Improving today, shaping tomorrow

Understanding the MTFS

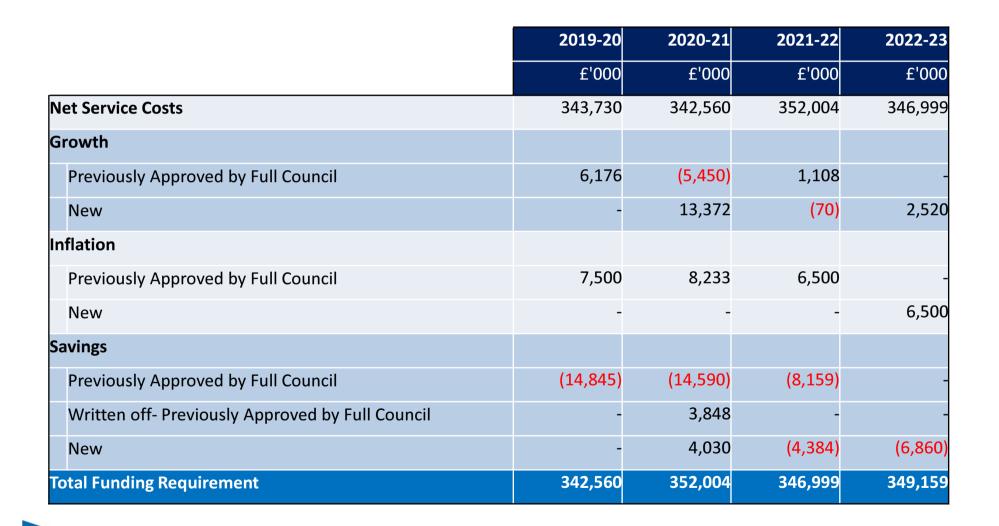
The Medium Term Financial Strategy includes:

- > Overall Summary of resources
- Changes to underlying costs (inflation etc.)
- > Changes to service costs (e.g. demand increases)
- > Approved growth and budget savings
- > Income from the government
- Council Tax
- Business Rates
- Use of reserves

Current MTFS – Issues to Consider

- Need to add on new year 2022/23 (we have a three year rolling MTFS)
- Savings slippage 2019/20 into 2020/21 (plus preagreed savings in 20/21 need to be delivered)
- Review of demographic growth (all years)
- Review of inflation assumptions (all years)
- > Approach to new investments and savings
- Outcomes from residents' and businesses' budget consultation exercise – due to close on midday 5th December

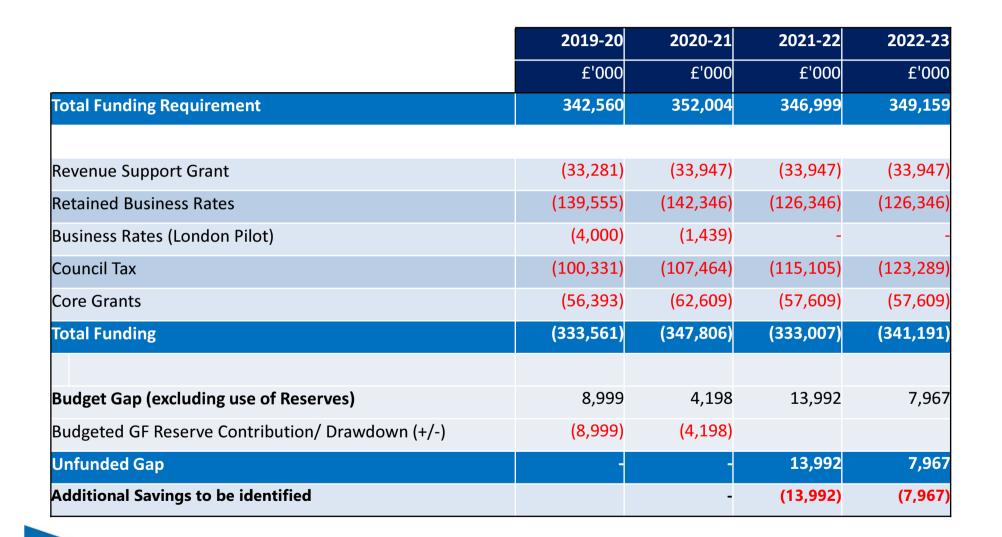
MTFS Budget Planning at 22 November 2019



TOWER HAMLETS

KB4 Shakil - please shoe extra lines showing growth savings annula gap and draw downs from reserves Kevin Bartle, 10/11/19

MTFS Budget Planning at 22 November 2019



TOWER HAMLETS

KB8 Shakil - please shoe extra lines showing growth savings annula gap and draw downs from reserves Kevin Bartle, 10/11/19

Re-profiling of Pre-agreed Savings for future years



| Savings Proposal | Directorate | 2020-21 £'000 | 2021-22 £'000 | 2022-23 £'000 | Total £'000 |
|---|-----------------------|------------------|------------------|------------------|----------------|
| Sharing Costs with CCG for Children with Disabilities Reprofiling of agreed savings (SAV/CHI 004/19-20) | Children & Culture | (500) | 200 | 311 | 11 |
| Review of Parks Reprofiling of agreed savings (SAV/PLA 05/18-19) | Place | (300) | | 300 | - |
| Street Lighting Efficiencies Reprofiling of agreed savings (SAV/ PLA 04 / 18-19) | Place | (135) | 135 | | - |
| ICT Savings Reprofiling of agreed savings (SAV/ RES 05 / 18-19) | Resources | (550) | 550 | - | - |
| Finance Services – Process improvements & new Finance System Implementation Reprofiling of agreed savings (SAV/ RES 06 / 18-19) | Resources | (100) | | 100 | - |
| Contract Management Efficiencies Reprofiling of agreed savings (SAV/CORP 02 / 18-19) | Cross- Directorate | (2,850) | 900 | 1,950 | - |
| Greater Commercialisation Reprofiling of agreed savings (SAV/ ALL 007 / 19-20) | Cross- Directorate | (1,000) | (1,000) | 2,000 | - |
| | Total | (5,435) | 785 | 4,661 | 11 |

KB12 Shakil - please shoe extra lines showing growth savings annula gap and draw downs from reserves Kevin Bartle, 10/11/19

Slippage in current savings as at 2019-20 Quarter 2



| Savings Proposal | Directorate | 2019-20 Target £'000 | 2019-20 Slippage £'000 |
|--|-------------------------------|----------------------------|------------------------------|
| Pan-London Homelessness Prevention Procurement Hub ("Capital Letters") SAV / PLA 003 / 19-20 | Place | (100) | 100 |
| Helping People with Learning Disability live Independently ADU003/17-18 | Health, Adults & Community | (1,169) | 837 |
| Better support for families through early help, and reduction in social care demand CHI002/17-18 | Children & Culture | (1,000) | 1,000 |
| Maximising use of technology in Housing Options Service D&R002/17-18 | Place | (300) | 300 |
| Consolidation of Business Support and Administration Functions ALL009/17-18 | Cross- Directorate | (1,000) | 1,000 |
| Debt Management & Income Optimisation ALL003/17-18 | Cross- Directorate | (3,000) | 1,500 |
| Human Resources RES001a/17-18 | Resources | (1,250) | 700 |
| Local Presence / Contact Centre Review ALL006/17-18 | Cross- Directorate | (2,050) | 1,200 |
| Review of Printing/ Scanning/ Use of Multi-Functional Devices (MFD's) ALL001/17-18 | Cross- Directorate | (1,490) | 990 |
| | Total | (11,359) | 7,627 |



KB13 Shakil - please shoe extra lines showing growth savings annula gap and draw downs from reserves Kevin Bartle, 10/11/19

HRA, DSB and Capital

- Rent and Tenanted Service Charge Setting 2020-21
- Local authorities will be able to increase their rents by a maximum of CPI (1.7%) + 1% for at least five years, starting in 2020-21.
- > Approve level of the 2020-21 tenanted service charge increase
- There is a pre-agreed £1m management fee saving for TH Homes in 2020-21, this saving must not come from Council budgets sitting within the HRA
- Reports to Schools Forum in Dec 19 and Jan 20 will set out the proposed use of the DSG for 20-21; to then be ratified by Cabinet
- The Capital programme is being reviewed to ensure that capital schemes are only included where financing has been identified, and profiling of spend is updated to reflect latest delivery timetables.
- The draft new Capital Programme will be considered by members and formally approved by Cabinet

National Impact on our financial position

- > 1 year Spending Round announced on 4th September
- Increases for:-
 - Health and Social Care additional grant
 - Education and Skills
 - Business Rates baseline increase
- Consultation on continuation of ASC precept
- > Fair Funding and a full Spending Review in 2020



Questions and discussion

