

# **MTFS and Budget Planning**

## **Overview & Scrutiny Committee**

**25 November 2019**

**Kevin Bartle**

**Interim Divisional Director Finance,  
Procurement & Audit**

# 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 pre-agreed 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 5<sup>th</sup> December

# MTFS Budget Planning at 22 November 2019



	2019-20	2020-21	2021-22	2022-23
	£'000	£'000	£'000	£'000
<b>Net Service Costs</b>	343,730	342,560	352,004	346,999
<b>Growth</b>				
Previously Approved by Full Council	6,176	(5,450)	1,108	-
New	-	13,372	(70)	2,520
<b>Inflation</b>				
Previously Approved by Full Council	7,500	8,233	6,500	-
New	-	-	-	6,500
<b>Savings</b>				
Previously Approved by Full Council	(14,845)	(14,590)	(8,159)	-
Written off- Previously Approved by Full Council	-	3,848	-	-
New	-	4,030	(4,384)	(6,860)
<b>Total Funding Requirement</b>	<b>342,560</b>	<b>352,004</b>	<b>346,999</b>	<b>349,159</b>

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**KB4**

Shakil - please shoe extra lines showing growth savings annula gap and draw downs from reserves

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# MTFS Budget Planning at 22 November 2019



	2019-20	2020-21	2021-22	2022-23
	£'000	£'000	£'000	£'000
<b>Total Funding Requirement</b>	<b>342,560</b>	<b>352,004</b>	<b>346,999</b>	<b>349,159</b>
Revenue Support Grant	(33,281)	(33,947)	(33,947)	(33,947)
Retained Business Rates	(139,555)	(142,346)	(126,346)	(126,346)
Business Rates (London Pilot)	(4,000)	(1,439)	-	-
Council Tax	(100,331)	(107,464)	(115,105)	(123,289)
Core Grants	(56,393)	(62,609)	(57,609)	(57,609)
<b>Total Funding</b>	<b>(333,561)</b>	<b>(347,806)</b>	<b>(333,007)</b>	<b>(341,191)</b>
<b>Budget Gap (excluding use of Reserves)</b>	<b>8,999</b>	<b>4,198</b>	<b>13,992</b>	<b>7,967</b>
Budgeted GF Reserve Contribution/ Drawdown (+/-)	(8,999)	(4,198)		
<b>Unfunded Gap</b>	<b>-</b>	<b>-</b>	<b>13,992</b>	<b>7,967</b>
<b>Additional Savings to be identified</b>		<b>-</b>	<b>(13,992)</b>	<b>(7,967)</b>

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**KB8**

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## 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	-
	<b>Total</b>	<b>(5,435)</b>	<b>785</b>	<b>4,661</b>	<b>11</b>



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**KB12**

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## 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
	<b>Total</b>	<b>(11,359)</b>	<b>7,627</b>

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**KB13**

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# 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