

2016/17 – End of Year Financial Position

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Departmental Cash Limits

	(Under) / Over Budget £'000
<u>Departmental Expenditure</u>	
Adults' Services	(12,293)
Children's Services - Non schools	0
Economy, Transport and Environment	(7,282)
Policy and Resources	(14,248)
TOTAL	<u>(33,823)</u>

Other Budgets

	(Under) / Over Budget £'000
Capital Financing / Interest on Balances	(12.7)
Waste Management	(2.0)
Contingencies	(14.4)
Increase in Doubtful Debt Provision	4.6
Other Net Variations	(0.1)
TOTAL	<u>(24.6)</u>

Allocation of Budget Savings

- Departmental savings will be added to cost of change reserves in line with current policy
- £22m to be allocated 'Enabling IT Investment' to underpin the delivery of Transformation to 2019 savings
- Savings on Winter Maintenance (which is usually returned to the centre) will be retained by ETE to be used for additional works in 2017/18
- £1.23m allocated to feasibility works for new school builds in line with revised design and delivery strategy
- Balance of £1.4m added to Grant Equalisation Reserve

Reserves

	Balance 31/03/2015 £'000	Balance 31/03/2016 £'000	% of Total %
<u>Summary</u>			
Committed to existing spend programmes	223,841	254,717	48.6%
Departmental / Trading Reserves	69,597	98,411	18.8%
Risk Reserves	26,423	22,071	4.2%
Other Reserves	100,887	80,788	15.4%
Total Earmarked Reserves	420,748	455,987	87.0%
Schools Reserves	55,950	46,679	8.9%
General Fund Balance	20,598	21,498	4.1%
Total Reserves and Balances	497,296	524,164	100.0%

Total Debt

	Balance on 01/04/2016 £m	Net New Borrowing £m	Balance on 31/03/2017 £m
Capital Financing Requirement	755.7		755.4
Short Term Borrowing	12.5	1.0	13.5
Long Term Borrowing	333.3	(13.6)	319.7
Total Borrowing	345.8	(12.6)	333.2
Other Long Term Liabilities	175.5	(4.5)	171.0
Total External Debt	521.3	(17.1)	504.2
Increase/ (Decrease) in Borrowing £m			(12.6)

Total Investments

Investments	Balance on 01/04/2016 £m	Balance on 31/03/2017 £m	Average Rate/Yield on 31/03/2017 %	Average Life on 31/03/2017 Years
Short term Investments				
- Banks and Building Societies:				
- Unsecured	55.7	35.7	0.56	0.08
- Secured	27.8	20.0	0.57	0.62
- Money Market Funds	66.1	61.7	0.26	0.00
- Local Authorities	92.5	116.8	0.68	0.39
- Corporate Bonds	10.0	1.3	0.37	0.19
	252.1	235.5	0.54	0.26
Long term Investments				
- Banks and Building Societies:				
- Secured	65.0	70.0	0.88	1.58
- Local Authorities	113.5	97.5	2.11	1.56
	178.5	167.5	1.59	1.57

Total Investments

	Balance on 01/04/2016 £m	Balance on 31/03/2017 £m	Average Rate/Yield on 31/03/2017 %	Average Life on 31/03/201 7 Years
Long term Investments – high yielding strategy				
- Local Authorities				
- Fixed deposits	20.0	20.0	3.96	16.97
- Fixed bonds	10.0	10.0	3.78	16.77
- Pooled Funds				
- Pooled property	35.0	45.0	3.85	n/a
- Pooled equity	-	20.0	3.04	n/a
- Pooled multi-asset	-	10.0	0.89	n/a
- Registered Provider	-	5.0	3.40	2.08
	65.0	110.0	3.43	14.79
Total Investments	495.6	513.0	1.50	1.92
Increase/ (Decrease) in Investments		17.4		

Transformation to 2019 Programme

Medium Term Budget Position – Pre Settlement

(Covers 2018/19 and 2019/20)

	£'000
Price and Pay (1%) Inflation	42,000
Impact of National Living Wage on direct salary costs	5,000
Assumed Loss of RSG	48,000
Borrowing Costs for additional secondary school places	15,000
Social Care Growth	<u>20,000</u>
Estimated two year gap	<u>130,000</u>

Assumes successful implementation of all the Transformation to 2017 Programme and no allowance for increased costs of NLW in care sector.

Medium Term Budget Position – Post Settlement

	£'000
Forecast two year Budget Gap to 2019/20	130,000
Impact of National Living Wage on Care Costs	45,000
Increased Loss of RSG	<u>48,000</u>
Revised Gap	<u>223,000</u>

Medium Term Budget Position - Summary

- New funding regime assumes that all Authorities will increase council tax by the maximum permissible over the four years
- 3.99% a year for four years for the County Council generates around £83m of additional council tax income.
- Reduces the net gap to £140m by 2019/20
- Gap in the interim year (2018/19) is £70m (which needs to be met from one off reserves)

Transformation to 2019 Programme Targets

	Target £'000
Adults', Health and Care	55,934
Children's Services (Non-Schools)	30,132
Economy, Transport and Environment	19,005
Corporate Resources	6,127
Transformation and Governance	645
Customer Engagement Service	1,045
Culture, Communities and Business Services	6,304
P&R Other	808
Housekeeping	20,000
Total	140,000

Key Corporate Themes

- Redesigning services and developing new operating models for services consistent with the reducing financial envelope (Health and social care integration is key).
- Evaluating the impact of further volunteering, shared ownership and co-design of services with partners.
- Exploiting digital capability, building on current programme.
- Reviewing external spend and supply chain management.
- Managing demand through effective collaboration with partners, performance and early intervention.
- Evaluating opportunities for further income generation.
- Exploiting our assets.
- Using the capital programme to maximise economic impact on our business and our services and reviewing opportunities to bridge the revenue deficit through changes to the programme and its funding.

Potential Policy Changes

- Inevitably, further savings on this scale will necessitate major service reductions
- Some Government policy areas are a barrier to reducing costs
- We will lobby the Government and have fed into the Fair Funding Review on areas such as:
 - Home to School Transport – The current regulations are unchanged since 1948 and review to give the power to change eligibility criteria and apply means testing would seem timely
 - Concessionary Travel – There is a view that this new burden is not properly funded and the opportunity could be taken to review the statutory scheme for example in relation to hours of operation
 - Household Waste Recycling – Legislation recently introduced barring councils from charging residents any entry or exit fee for using a ‘discretionary HWRC’ service could be changed to allow the introduction of charges
 - Public Health – Exploration of options to charge for some former NHS services such as weight management support which may ensure provision continues
 - The removal of Council Tax capping.

Consultation Themes

- High-Level strategic consultation to commence immediately
- Partly to secure 'Haringey Compliance' and to set crucial timeline
- To be followed later by service specific consultations as required
- Haringey compliance must show consideration of key strategic options including:-
 - council tax
 - charging
 - Local government review (because of the significant revenue implications, conservatively £40 million)
 - Noting the HCC policy position adopted by Full Council in November 2016

Timescales and Approvals

Milestone	Date
Full programme mobilisation / detailed planning	May / June 2017
Public Consultation Exercise (Stage One) 6-8 weeks	July to August 2017
Executive Member meetings to approve Departmental savings proposals	September 2017
Cabinet consideration of Public Consultation response	September 2017
Cabinet and Full Council Approval of Budget Envelope and Savings for April 2019	October / November 2017
Continued delivery of projects, programmes and savings	November 2017 onwards
Budget and Council Tax Setting for 2018/19 Financial Year	February 2018
Stage Two consultations carried out where necessary	As required
Executive Member makes final decisions on proposals where Stage Two consultations have been carried out	As required