Executive Decision Report

Decision maker and date of meeting or (in the case of individual Cabinet Member decisions) the earliest date the decision will be taken	Leadership Team - 30 November 2017 Forward Plan ref: 05069/17/K/A	THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
Report title (decision subject)	MEDIUM TERM FINANCIAL PLANNING – BUDGET AND SERVICE PROSPECTS	
Reporting officer	Chris Buss, Director of Finance	
Key decision	Yes	
Access to information classification	Public	

1. SUMMARY

1.1 This report sets out the Council's overall budget and Council Tax plans with detailed service proposals for 2018-19. Based on current projections without further reduction in reserves, unless there is increased central Government support, further reductions in budgets, or amendments to policies regarding contingencies, Council tax will potentially increase.

2. RECOMMENDATIONS

2.1 The Leadership Team is recommended to approve the proposed revenue budget reductions set out in **Appendix 2**, for consultation with Scrutiny Committees residents and business. Following consultation, the proposals will be brought back for confirmation or amendment by the Leadership Team in January 2018 to then be reviewed by Overview and Scrutiny before being recommended to Council. Proposals for growth will be subject to review as part of the January report.

2.2 The Leadership Team is recommended with regard to the pooling arrangements for business rates to:

a) approve and accept the designation by the Secretary of State as an authority within the London Business Rates Pilot Pool pursuant to 34(7)(1) of Schedule 7B Local Government Finance Act 1988;
b) participate in the London Business Rates Pilot Pool with effect from 1 April 2018
c) delegate the authority's administrative functions as a billing authority pursuant to the Non-Domestic Rating (Rates retention) Regulations 2013, to the City of London Corporation acting as the Lead Authority;

d) authorise the Lead Authority to sub-contract certain ancillary administrative functions within the Pool to the GLA as it considers;

e) delegate to the Director of Finance, after consultation with the Lead Member for Corporate Services and the Leader of the Council, entering into the memorandum of understanding and any other agreement with regard to the Council's participation in the London wide Business rate retention scheme pilot; and

f) to authorise the Leader to represent the authority in relation to consultations regarding the London Business Rates Pilot Pool consultative as may be undertaken by the Lead Authority pursuant to the Memorandum of Understanding.

2.3 The Leadership Team is recommended to agree the proposals with regard to restructuring, use and future approvals for the use of the Council's revenue reserves as set out in paragraphs 4.8 to 4.13 and to agree the proposed use of the new Special Projects Reserve as set out and to note that the new reserves policy is less risk adverse.

3. REASONS FOR DECISION

3.1 The Council is legally required to set a balanced budget and a Council Tax each financial year. This report sets out the context for these decisions.

4. BACKGROUND

4.1 Local authorities have delivered substantial reductions in their spending since 2010. The Council itself has delivered or is planning to deliver over £90 million in savings. To date the Council has managed to deliver savings with minimal loss in service to residents and to maintain service quality. This will not always be the case in the future. The impact of the Grenfell Tower disaster has been significant in terms of the Council's finances. The Council has already considered and taken decisions with regard to the impact on the Capital Programme and this paper deals with both the short and medium term impact of the tragic fire at Grenfell on the Council's revenue reserves and future revenue position.

4.2 **Business rates**. On 5 October 2015 the Government announced that local government would retain 100 per cent of National Non-Domestic Rates (NNDR) by the end of the current Parliament (2020). In January 2017 the government published a local government finance bill that would have enabled this system to be in place by 2019-20. However, the bill has not been reintroduced after the general election. In its place, for London, the Government has requested that the London boroughs, working through London Council's with the Greater London Authority (GLA) submit a regional pilot scheme. The key planks of this scheme will be that no council will be worse off than under the current scheme and that London growth in business rates will be largely retained within London. At the London Council Leaders' meeting on 10 October 2017, it was agreed in principle that a pilot pool should be further investigated and that "In the event that the pilot pool continues, it should not last for more than two years (i.e. beyond 2019-20) without a positive re-commitment by all participating authorities." Further details of the scheme have been announced and are detailed below.

- **Pool principles:** as reported to London Council's Leaders' Committee in October, the pool would be voluntary, but include all London authorities;

London would retain a greater share of business rates in exchange for Revenue Support Grant; a “no detriment guarantee” would ensure that the pool could not be worse off than the participating authorities would have been collectively if they had not entered the pilot pool; no “new burdens” would be transferred to London and participation in the pilot would not affect the development or implementation of the Fair Funding review (currently anticipated in 2020-21). Public Health and Improved Better Care Fund grants would not be rolled in initially, but we would work towards including them if all parties were to agree to continue a pilot into 2019-20.

- **Distribution:** All authorities would receive at least as much from the pool as they would have under the existing 50 per cent retention scheme. Any additional net benefits of the pool – currently estimated to be approximately £240 million in 2018-19 – would be distributed on the following basis:

  o 15% to reward growth
  o 35% to reflect population
  o 35% to reflect Settlement Funding Assessment
  o 15% set aside for a “Strategic Investment Pot” (see below).

  The resources not top-sliced for the investment pot would be shared between the GLA and the boroughs in the ratio 36:64, in accordance with the principle previously agreed by London Councils and Mayor in the joint business rate devolution proposals to Government in September 2016.

- **Governance of the strategic investment pot:** The pot would be dedicated to projects that contribute to the sustainable growth of London’s economy, and which attract match funding from other private or public sources. Following legal advice, decisions would be taken formally by a lead authority in consultation with all member authorities, reflecting the principles set out and reported to London Council’s Leaders’ Committee in October. It is envisaged that decisions would be taken bi-annually to coincide with meetings of the Congress of Leaders and the Mayor.

4.3 As the underlying principle of the scheme is that there is no net loss to the Council, the scheme is recommended to be supported. The City of London has agreed to be the Lead authority for the pilot scheme and a memorandum of understanding will need to be entered into. It is recommended that the Council agree to enter the pilot and that the Director of Finance, following consultation with the Lead Member for Corporate Services and the Leader of the Council, be authorised to agree the memorandum of understanding and the final agreement on behalf of the Council, subject to the Council not being detrimentally affected. The current estimated net benefit to the Council of its share of the £240 million pot is estimated by London Councils at £2.2 million. This figure has however not been included in any forecasted income as yet within the Medium Term Financial Strategy.

4.4 **Grenfell.** Since the Grenfell Tower tragedy, the Council has taken a number of key decisions relating to support for the victims and families and those in the wider community. The cost of those key decisions has been funded from a mixture of Government support and existing earmarked Council reserves. Detail of this is included in the report to the Leadership Team on the forecast outturn for the current financial year. However, at present the best estimate of revenue expenditure that will fall to the Council to be met from reserves in the current year is £32 million.

4.5 The Government has at present indicated that it will provide direct financial support for three areas of expenditure. The first is the statutory Bellwin disaster scheme under which the Council can recover certain costs to alleviate the effect of the disaster incurred within one month of the incident. The costs recoverable under this scheme are estimated at £5 million. Secondly, the Government has made available £5 million to the Council to provide financial support to victims; at present £4.3 million has been expended and the whole £5 million is anticipated to be spent this year. The third area is the cost of providing hotel accommodation and 12 months' rent and utility cost-free periods for former Grenfell Tower and walkway residents.

4.6 With regard to the cost for 2018-19 and future years, these costs are much more uncertain. The main variables are the length of time that families remain in temporary accommodation and the cost of extended support to them in terms of key workers and support packages. These are difficult to predict as they will vary on a case by case basis. However, the predicted net expenditure is within the range of £55 million to £65 million. It is anticipated that most of these support costs will be reduced by March 2019, but there will be some ongoing costs for a number of years. For future years, this is estimated at £6 million in respect of additional costs of providing care and ongoing support.

4.7 In addition to the above direct costs, there are a number of other costs arising from Grenfell that will arise due to either the Council expending reserves, borrowing or having to fundamentally review its future management, consultation and communications arrangements. The largest single item of this is the borrowing costs arising from the purchase of new properties from re-housing victims, currently estimated at £5.5 million, which is being funded from a virement of revenue expenditure agreed by the Leadership Team in October. The depletion of capital reserves will add further borrowing costs to fund a capital programme of £25 million each year, increasing revenue costs by £3.2 million by 2020-21. Finally, a contingency of £2 million for improved management, consultation and communications arising from the Chief Executive's review of management and the governance review is considered prudent at this stage of the budgeting cycle. The total annual cost to be included in the Council's base budget by 2020-21 for the impact of Grenfell is therefore estimated at £16.7 million.

4.8 **Revenue Reserves.** The Council's revenue reserves as at 31 March 2017 were £181.271 million. These are detailed in Appendix 1 of this report. As indicated in the notes to the Council's accounts for 2016-17, these reserves will need to be critically reviewed to ensure that the retention of them is minimised to the lowest level possible without imperilling the Council's ability to function and reducing services to an unacceptable level.

4.9 The Council has traditionally had a very prudent and risk adverse approach to financial risk, which has led to the establishment of a wide range of earmarked reserves to cover a wide range of financial risks. A number of the reserves are required for statutory purposes or are ring-fenced to certain Council services or functions. These include the Parking reserve, school balances, London Residuary Body and Public Health. These in total amount to £44.476 million as at 31 March 2017. The parking and public health reserves can be utilised for a wide range of uses and it is recommended that in future any use of these reserves is subject to agreement by the Leadership Team rather than Lead Members. Of the remaining reserves, the capital reserve of £29.467 million is currently proposed to be utilised as set out in the recent review of the capital programme and the insurance reserves of £6.066 million will be required to fund the non-Grenfell related claims that the Council self -insures for. The balance of revenue reserves is therefore £101.372 million including the working balance of £10 million.

4.10 In the light of the financial pressures that the Council now faces post Grenfell, the previous approach to reserves is no longer viable and a more risk based approach to reserves will be required. As a first step to this, it is proposed that the working balance be retained. Of the remaining sum, £60 million will be transferred to a Grenfell recovery reserve to meet the Council's anticipated revenue costs up to March 2019. The balance of £31 million should be held in a single reserve to meet transformation projects, one-off revenue related investments that would not meet the criteria for being funded from capital, reorganisation costs and other similar items. This will be entitled the "Special Projects Reserve" and any calls thereon will require reports to the Leadership Team to authorise this expenditure. This will be more rigorous than the current practice and will entail departments not having automatic recourse to calls on reserves and thus more rigorous budget management.

4.11 There are a number of proposals for immediate use of this reserve which are either subject to separate current or previous reports to the Leadership Team or are a matter of routine. These are detailed below and are recommended for agreement.

- Implementation of replacement Human Resources and Finance system to replace BT managed services contract, £1.5 million in 2017-18 and £3.9 million in 2018-19.

- Programme implementation costs arising from Tri-borough and Bi-borough working for adult social services and children's services, £480,000 in 2017-18 and £20,000 in 2018-19.

- Abortive costs on Capital schemes no longer chargeable to capital, £1.4 million following deletion of scheme.

- Cost of Council elections in 2018 - £400,000 - previously had its own reserve.

4.12 The Council has received significant publicity post Grenfell based on its identified level of usable reserves as at March 2017 and this includes not only revenue reserves, but capital receipts and the Housing Revenue Account. The oft made comment that the Council is the richest Council in the country is on that basis erroneous as the usable reserves figure of £283 million was only the seventh highest in Inner London, let alone the rest of the country. However, publicity on reserves has led to some residents and groups being of the view that the Council has hidden cash. In light of this and after consultation with the Chief Executive and the Leader of the Council, I have asked the Chartered Institute of Public Finance and Accountancy (CIPFA) to independently review the reserves, to give both members and the public assurance that the reserves as redistributed following the proposals contained in this report are robust, open and transparent. This review will be made public prior to the finalisation of the Council's budget in February 2018.

4.13 There are a number of other departmental and corporate contingency budgets which, with provisions for items such as bad debt and similar provisions, will be critically reviewed prior to setting Council Tax in February 2018. In addition, any in-year underspend will be available to either supplement reserves or minimise the increase in Council tax in 2018-19. Any decision on that will not be required until February 2018.

4.14 **Government support**. In September 2016, the Council – by producing and submitting the required efficiency plan - signed up to a four-year funding settlement with Government. This covers the financial years 2016-17 to 2019-20. Based on the latest figures available (and assuming income from NNDR remains static) the Council will lose around £32 million in funding over this period (an average of £8 million a year).

In reducing its spending to meet these reductions, the Council is working to:

- minimise any loss of service: in some cases, services can be improved;
- focus on changes to high unit cost services with the aim of improving efficiency and affordability.

5. PROPOSALS AND ISSUES

Service Budget Proposals

5.1 In September and October, officers were asked to consider proposals for cost reductions in Council services. These were targeted to achieve £8 million of cost reductions as outlined in the Council tax report approved in March 2017.

5.2 The following table shows a full budget forecast including the original savings targets set for each service and the outcome to date. This is a work in progress at this stage in setting the revenue budget and Council Tax and should be viewed alongside the three-year forecast in section 6 of this report.

	Savings Target £ Mill	Savings 18/19 £ Mill	Savings 19/20 £ Mill	Savings 20/21 £ mill
Adult social Care	1.601	1.600	2.450	2.450
Children's Services	1.239	1.250	1.830	1.830
Environment , Leisure & Residents services	0.817	0.801	0.850	0.850
Housing Services	0.531	0.531	0.531	0.531
Library, Archives& Heritage	0.077	0.060	0.060	0.060
Planning and Borough Development	0.186	0.218	0.278	0.363
Public Health	0.000	0.000	0.000	0.000
Transport and Technical Services	0.838	0.685	0.885	0.885
Corporate Services	1.711	1.746	2.931	5.588
Corporate property income	1.000	1.000	1.000	1.000
	8.000	7.891	10.815	13.557

5.3 A detailed breakdown of the proposed savings is set out at **Appendix 2.** Please note that these are not final at this stage in the budget setting process and further changes and adjustments may well have to be made prior to the final budget being set in March 2017. There are no savings shown arising in Public Health, as this does not directly affect the General fund and will increase the public health reserve. A number of possible growth proposals have been requested by Directors; these are awaiting further consideration and will need to be formally approved prior to the Council Tax setting report in March 2018. However, if all current growth bids were approved this would add £2.822 million to the 2018-19 base budget. In addition to these growth bids the Council has a number of additional cost pressures arising from external circumstances and new contract arrangements. This includes the re-let managed service provider contract and the cost of moving from Tri- to Bi-borough working, which will add £1.25 million to the base budget in 2018-19 and £2 million in 2019-20 and subsequent years.

Financial Policies

5.4 Proposals for next year's budget all need to be set in the context of the Council's financial policies and strategies set out below.

Council Tax

5.5 The Council's currently adopted financial strategy is to maintain Council Tax in the bottom quartile for London. The Royal Borough's Council Tax is the fifth lowest both nationally and in London. Depending on the decisions made as part of the Council tax setting, the Council would need to increase its element of Council by over 34% to move out of the bottom quartile.

6. OPTIONS AND ANALYSIS

Three Year Budget Forecast

6.1 As stated in paras 4.3-4.7 the impact of Grenfell is difficult to forecast at this stage, but the specifically established Grenfell reserve as proposed is deemed to be adequate to cover likely known non-recurring costs in both 2017-18 and 2018-19. Recurring costs will need to be covered from increases in council tax, including possible levying of the Social Care precept which would enable the Council to increase Council tax by up to three per cent to reflect costs relating to adult social care. However, there are a number of other variables that will impact on next year's and future year's budgets. The key working assumptions are:

- Funding from Government is as per the four-year funding settlement announced as part of the provisional 2016-17 local government finance settlement.

- The income from business rates is assumed to remain stable. However, this depends on the speed and outcomes of National Non Domestic Rates (NNDR) rating appeals. This is discussed further in paragraph 6.10. This will be brought back to the Leadership Team for discussion and decision as part of the annual NNDR forecast in January 2018.

- That there is no increase or decrease in the Council tax base or draw down from the collection fund.

- That there is no planned draw down from or addition to reserves other than those indicated in this report.

- The current budget has only made an allowance of +1 per cent for inflation for all years. Inflation as measured by the Consumer Prices Index (CPI) is currently 3%. The impact of this on the non-schools non-staffing budget is to increase running costs by an estimated £7.1 million in 2018-19. Each further 1% increase in running cost inflation in future years increases costs by £2.36 million. Staffing costs were also assumed to be increased by 1% and although nothing has been confirmed as yet, the overall cost will almost certainly be above 1%. Each 1% increase in non-school, general fund staffing costs adds £0.92 million to the budget.

- The Council Tax is increased. Each 1% increase, raises £0.75 million in additional revenue. The options for future years will be considered as part of the detailed discussions and external context for the relevant financial year's budget setting. However, if the Council tax is increased by the maximum amount below the anticipated Council tax referendum limit, but with the Adult Social care precept, this would raise £3.75 million.

- That future General fund capital expenditure is substantially funded from borrowing rather than receipts and reserves. Assuming a 25-year period for the redemption of debt, each £1 million of capital expenditure at current rates adds £67,500 to revenue costs. It should be noted that the debt proposed to be raised for the purchase of the Grenfell properties assumes no debt redemption; if debt reduction is factored in, then revenue costs increase by £4.2 million p.a. - the interest costs based on current rates to be met from the current revenue provision to the Capital reserve. For 2019-20 onwards, it is assumed that £25 million in each year of new capital expenditure is funded via borrowing and is included in the cost pressures and growth line in the table below.

  The latest forecast for year-on-year changes to the Council's funding is set out below and takes into account the projections made above. It assumes no further planned use of reserves other than that previously authorised or proposed in this report. This is merely indicative and further changes will emerge prior to the final 2018-19 budget being set in March 2018.

THREE YEAR BUDGET FORECAST

	2018-19 £m	2019-20 £m	2020-21 £m
Council tax requirement as at March 17	74.3	74.3	74.3
Inflation	7.0	12.3	17.7
Grenfell ongoing impact	7.5	15.1	16.7
Grenfell - one off	27.0	0.0	0.0
Other potential growth	8.4	4.8	4.8
planned use of reserves/virement	-36.5	-5.5	-5.5
Reduction in Government funding	8.4	17.3	25.3
Savings (see appendix 2)	-7.9	-10.8	-13.5
Savings as per March 2017 MTFS	0.0	-5.2	-10.5
Possible Council Tax requirement	88.2	102.3	107.3

Budget 2018-19

6.2 Net savings so far identified for 2018-19 are just over £7.9 million as identified **in Appendix 2.** The above table illustrates that these savings would not enable the Council to set a balanced budget. In view of this, Directors have been asked to review both potential growth bids and possibilities for further efficiencies and savings, which will be considered by The Leadership Team, with the results of consultation on this budget at its January meeting prior to considering the impact of any changes on external precepts and levies; any further use of reserve - including ring fenced reserves; and any changes in Government support when determining any increase in Council tax in February 2018.

External Funding 2018/19

6.3 Please see paragraphs 4.1 to 4.3 which set the context that the key risk for 2018-19 is the forecast for NNDR (as set out in paragraph 6.7).

Council Tax 2018/19

6.4 The proposal for 2018-19 is to increase the Council Tax; but the exact amount will depend upon the results of a review of growth pressures, savings and a further view on inflation. A referendum is required to increase Council Tax over a certain amount and, assuming that the referendum limit is two per cent, then if all these growth pressures are accepted the Council could exceed this limit. The consequences of this are detailed in the legal implications in paragraph 8.

6.5 The Council plans to continue to fully fund the local Council Tax reduction (local Council Tax benefit) scheme and so will fully protect vulnerable residents on low incomes who might otherwise pay more.

6.6 The Leadership Team may need to increase Council Tax due to pressures within adult social care, largely Grenfell related – the so-called adult social care precept (referred to in para 6.1 above). This could yield up to three per cent or £2.25 million but would need to be earmarked to adult social care.

Budget Issues

6.7 Other issues for budget setting include:

Exit costs to deliver service reductions

There are unavoidable costs associated with budget reductions and Tri- and Bi-borough restructuring, including ‘spend to save’ costs and redundancy payments. These will in future need to be funded, if “one off”, from the new special projects reserve. If ongoing, they will be a cost pressure to the general fund and, as stated in paras 4.11 and 5.3, have been included in the growth projections.

Business Rates Revaluation

The 2017 rates revaluation came into force on 1 April 2017 and the total rateable value for the borough’s 8,868 properties increased from £643 million to over £814 million – an increase of over 26 per cent. The impact of revaluation is intended by Government to be revenue neutral for individual local authorities (therefore no financial benefit). The intention is for the valuation driven increase in business rates to be simply clawed back via a higher tariff payment.

As is normally the case following a revaluation, the Government has put in place a transitional scheme to phase in increases in rates bills, which is funded by phasing in decreases in bills. The total rates due for 2017-18 is £349 million compared to £299 million for 2016-17 an increase of 16.7 per cent.

New Government Funded Relief Scheme

The Government’s March 2017 Budget introduced a new scheme of rate reliefs as follows:

<u>Local Discretionary Business Rate Relief Scheme</u>: The Government is providing funding for local discretionary business rate relief schemes. Each billing authority has had to design and consult on its own scheme and the Council’s scheme for 2017-18 was launched on 2 August. So far £701,000 of relief has been awarded to 536 ratepayers. For eligible properties, the value of relief depends on the percentage increase in rates from last year and the rateable value of the property in the 2017 rating list.

<u>Supporting small business rate relief:</u> for businesses facing very large percentage increases in their rate bills due to the loss of small business rates relief. For the Royal Borough, this measure applies to 89 businesses; and its effect has been to limit their increase to £600 for the 2017/18. The total amount of relief awarded is £83,000.

<u>Pub Relief:</u> for pubs with rateable values of less than £100,000. So far £18,000 has been awarded to 19 pubs for 2017-18.

Financial

Appeals Against Rateable Values

From 1 April 2017, a new system was introduced for ratepayers who wish to dispute or query their new rateable value. This is the check, challenge and appeal system designed by the Government to try to reduce the number of appeals made by allowing queries and disputes to be settled earlier and in a less formal way. The Council has made an allowance of £43 million as an estimate of the impact of losses due to reductions agreed through the new system and potential reductions not yet agreed. This estimate has been based on the best available data using a nationally set percentage. As this allowance is a fixed percentage nationally, it leaves high value rates base authorities – such as the Royal Borough - exposed to the risk that the financial impact of the successful checks, challenges and appeals will be higher than this.

The usual annual NNDR forecast report setting out the issues and the options for next year's budget (and beyond) will be taken to January 2018 Leadership Team meeting for decision.

Property Assets Income

The Council has already reduced income by utilising the Grainger properties for social rent; the net impact of this will be to reduce income by up to £2.4 million by 2020. Any further conversion of properties from private development to social housing will not impact the current budget, but will reduce the Council's ability to meet its future years' savings projections from property.

7. EQUALITY IMPLICATIONS

7.1 Where specific budget proposals have an equalities impact these are considered and assessed by the relevant services as part of the final decision-making and implementation processes.

7.2 The equalities impact of specific budget proposals will be considered in January/February 2018, alongside the detailed service budget reports considered by the Scrutiny Committees; and will be reported on further to the Leadership Team meeting in February.

7.3 The equalities impact of any proposed increase of Council tax will be assessed and reported for consideration by the Leadership Team and Council as part of the Council Tax setting process.

8. LEGAL IMPLICATIONS

8.1 The Council is required to set a balanced budget. As part of budget setting and approval, the Director of Finance should project the budget for the medium term, including the impact of capital investment and comment on the level of reserves. This will be included in the annual Council Tax and Budget report for the Leadership Team in February 2018. Based on the scenarios shown above, the Council would, or might be in the position of increasing Council tax above the anticipated referendum limit of two per cent.

8.2 The Government has the power to limit budget increases if these are deemed to be 'excessive'. Under the provisions of the Local Government Finance Act 1992 and the regulations made under the Act, a referendum is required - the outcome of which is binding - where the billing authority proposes what the Government regards as an excessive Council Tax increase. The limit above which an increase is deemed to be excessive will be confirmed as part of the local government finance settlement due later in the autumn.

[Legal Implications verified by LeVerne Parker, Chief Solicitor (Planning and Property); tel: 020 7361 2180].

9. FINANCIAL AND RESOURCES IMPLICATIONS

9.1 These are addressed throughout the report.

Chris Buss
Director of Finance

Local Government Act 1972, Local Government Finance Act 1992(as amended) – Background papers used in the preparation of this report:
2017-18 budget files

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Appendix 1 List of usable revenue reserves as at 31 March 2017
Appendix 2 Proposals for Savings for 2018-19;

Appendix 1

Usable Revenue Reserves as at 31st March 2017

	Balance at 31 March 2017
	£'000
General Fund:	
Better City Life	**(3,630)**
Budget Carry Forward	**(4,406)**
Capital Expenditure	**(29,467)**
Car Parking	**(21,220)**
Community Safety	**(802)**
Corporate Information Systems	**(803)**
Cost Reduction - Transformation Fund	**(15,690)**
Demand Growth	**(5,297)**
Economic Development	**(814)**
Excellence All Round	**(2,770)**
General Services Building Maintenance	**(1,587)**
Insurance	**(6,066)**
Lead Flood Authority	**(219)**
Licensing and Planning Costs	**(250)**
Local Elections	**(523)**
Local Initiatives (Transformation Fund)	**(4,771)**
Planning and Borough Development Resources	**(573)**
Property Strategy	**(3,264)**
Public Health	**(13,029)**
Repairs and Renewals	**(4,035)**
Service Risks	**(4,003)**
Service Risks - Housing	**(3,543)**
Severance (Transformation Fund)	**(7,969)**
Specific Grant Loss	**(4,172)**
Strategic Regeneration	**(14,083)**
Supporting People	**(4,706)**
Value Added Tax (VAT) Liability	**(3,049)**
Schools Reserves	**(5,175)**
London Residuary Body	**(3,952)**
Other Earmarked Reserves (<£250k balance)	**(1,403)**
Total GF Earmarked Reserves	**(171,271)**
GF Working Balance	(10,000)
Total GF Reserves per MIRS	**(181,271)**

Appendix 2

Proposals for Savings for 2018/19

Totals below are shown before any growth proposals

Dept.	Description	2018-19 Budget Change (£,000's)	2019-20 Indicative Budget Change (Additional) (£,000's)	2020-21 Indicative Budget Change (Additional) (£,000's)
ASC	Major re-commissioning projects and contract reviews with high value providers.	-500	0	0
ASC	Independence First' - managing care package costs through high quality assessment and review work and an improved service offer to customers.	-600	-300	0
ASC	Front Door and Demand Management Services Programme	-200	-200	0
ASC	Evolution of Joint Commissioning and Service Integration with Health.	-200	-200	0
ASC	Review of care pathways and extending independence through housing.	-100	-150	0
ASC Total		**-1600**	**-850**	**0**
CHS	Focus On Practice	-45	-150	0
CHS	Children's Homes	-100	-100	0
CHS	Review of Early Years Provision	-330	0	0
CHS	Play	-255	0	0
CHS	Youth Services	-310	-310	0
CHS	SEN Transport	-50	0	0
CHS	Educational Psychology - High Needs Funding Block	-100	0	0
CHS	Schools Standards	-60	-20	0
CHS Total		**-1250**	**-580**	**0**
COS	Achieved reductions in Employees Liability insurance premia	-151	-25	0
COS	Achieved efficiency reductions in the External Audit Fee	-33	-25	0

COS	Achieved reductions in subscription fees	-10	-10	0
COS	Realised on-going efficiencies against our Carbon Reduction Allowance	-25	-28	-8
COS	General efficiencies in operation resulting in ability to reduce contingency set aside	0	-10	-20
COS	Reduction in telephony spend	0	0	-9
COS	Efficiencies in employee benefits budget	0	0	-51
COS	Aggregated savings from reconfiguration of services.	0	-37	-37
COS	Digital platform implementation	-100	0	0
COS	Review of IT support arrangements efficiencies including supplies and services	-50	-250	-350
COS	With a introduction of Universal Credit and Internal Service Challenge there will be opportunities to reduce the number of staff within the Benefits Service	-80	-120	-80
COS	Cashiering Services & cash collection services	-100	0	0
COS	In-sourcing of Contracted out Service NNDR collection	0	-55	-95
COS	Focus within Council Tax to collect a greater proportion of Summons and Liability Order costs	-75	-50	-50
COS	Increased income from insourcing the existing enforcement contract	-70	-100	-100
COS	Policy team minor efficiencies	-5	-5	-4
COS	Additional income-registrars	-133	-33	-33
COS	Delete lead member SRAs	-34		
COS	Reduced staffing budget/other savings	-9	-9	-9
COS	Commercial Lettings	-538	-398	-1811
COS	Business Rates revaluation and appeals on Council properties	-800	0	0
COS	Energy	-200	0	0
COS	Link	-223	0	0
COS	Income from Business Units	-20	0	0
COS	CPT Budget	-60	-30	0
COS	Projects	-30	0	0
COS Total		**-2746**	**-1185**	**-2657**

ELRS	Reduce Household Waste Tonnage	-51	0	0
ELRS	Targeted Increase in recycling	-70	0	0
ELRS	Substitute vacant post with new apprentice	-40	0	0
ELRS	Reduced market waste audits	0	-5	0
ELRS	Dog warden contract savings	-10	0	0
ELRS	Review environment enforcement	-20	0	0
ELRS	Inflationary Uplift on Commercial Waste charges	-50	0	0
ELRS	Review Commercial Waste charges to further incentivise	-100	0	0
ELRS	Review Parks Police delivery model	-36	0	0
ELRS	Increased Leisure Contract income	-68	0	0
ELRS	New Spa and Health suite at Chelsea Leisure centre	-50	0	0
ELRS	Further review of grounds maintenance contract	-40	0	0
ELRS	Further review of grounds maintenance contract	-22	0	0
ELRS	Increase external income/ sponsorship for Arts Festivals	-150	0	0
ELRS	Expend Filming and Events Location library	0	-30	0
ELRS	Strengthen street markets enforcement	-14	-14	0
ELRS	Expend street trading storage facilities	-20	0	0
ELRS	Increase external investment in Market Development activities	-10	0	0
ELRS	Senior management Restructure	-50	0	0
ELRS Total		**-801**	**-49**	**0**
HGF	Supporting People Budget	-316	0	0
HGF	Reconfiguration of services previously provided by the Home Improvement Agency	-130	0	0
HGF	Saving in salaries budget	-70	0	0
HGF	Reduction in budget for the running of the Travellers Site	-15	0	0
HGF TOTAL		**-531**	**0**	**0**
LAH	Education & Libraries	-60	0	0
LAH-TOTAL		**-60**	**0**	**0**

PBD	Fee Income	-200	0	0
PBD	New Services	-18	-50	-70
PBD	Work for Other Authorities	0	-10	-15
PBD-TOTAL		**-218**	**-60**	**-85**
TTS	Advertising Contract	-468	0	0
TTS	Use parking receipts for air quality work	-80	0	0
TTS	Food safety and health and safety	-5	0	0
TTS	Environmental Health Structural Change	0	-75	0
TTS	Pest Control	-15	-15	0
TTS	LED street lighting	-7	-5	0
TTS	Private rented housing licensing scheme income	-10	-5	0
TTS	General efficiencies in environmental health	-100	0	0
TTS	Charge Environmental Health Officer time	0	-100	0
TTS		**-685**	**-200**	**0**

TOTALS	**-7891**	**-2924**	**-2742**
Cumulative		**-10815**	**-13557**