
REPORT FOR: CABINET

Date of Meeting:	14 July 2016
Subject:	2016-17 to 2019-20 Medium Term Financial Strategy Update
Key Decision:	Yes
Responsible Officer:	Dawn Calvert, Director of Finance
Portfolio Holder:	Councillor Adam Swersky, Portfolio Holder for Finance and Commercialisation
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Appendix 1 Medium Term Financial Strategy Savings 2016/17

Section 1 – Summary and Recommendations

This report sets out the progress on achieving the 2016/17 savings included in the Medium Term Financial Strategy (MTFS) approved by Council in February 2016.

Recommendations:

Cabinet is requested to:

1. Note the progress on achieving the 2016/17 savings as at Period 2 (end of May 2016).
2. Agree the addition to the Environmental services capital programme of £148k of externally funded spend in paragraph 3.1, in respect of an addition to the TfL funded Local Implementation Plan.

3. Agree the 2016/17 virement in the HRA Capital Programme of £1.626m as set out in paragraph 3.2.
4. Agree the debt write off in the Housing Revenue Account of £51k as set out in paragraph 4.0.

Reason: (For recommendations) To update Cabinet members on the progress in achieving the 2016/17 MTFS savings agreed by Cabinet in February 2016 and agree amendments to the Capital Programme and a debt write off.

Section 2 – Report

1.0 Introductory paragraph

1.1 Cabinet is due to receive its first report on revenue budget monitoring in September for Quarter 1(to the end of June). There are substantial savings of £17.5m gross, included in the 2016/17 budget, which were approved in February 2016. Due to the importance of the achievement of these savings, it is felt prudent to report on progress in achieving savings earlier than September 2016 and report in July 2016. This report therefore outlines progress on the savings included in the MTFS as at period 2.

2.0 Savings Tracker 2016/17

2.1 Appendix 1 shows a list of the individual red, amber, green, blue and purple rated savings in the MTFS. The definitions used in this report are:

Red	Agreed saving not achievable
Amber	Saving only partially achieved or risks remaining
Green	Achievement of saving on track
Blue	Achieved and banked
Purple	Future year saving in development

The table below shows the summary position for each directorate:

Table 1: Savings Tracker 2016/17 – Directorate Summary

Summary 2016/17 Savings

	Resources	Community	People	Regeneration	Pan Organisation	Total
	£000	£000	£000	£000	£000	£000
Red	0	0	885	0	0	885
Amber	1,748	2,469	3,268	30	220	7,735
Green	258	1,394	588	50	0	2,290
Blue	2,558	1,111	2,964	10	0	6,643
Purple	0	0	0	0	0	0
Total	4,564	4,974	7,705	90	220	17,553

- 2.2 The total savings for 2016/17 is £17.553m. As at period 2 (end of May), 51% of the 2016/17 savings are rated as already banked or on track to be achieved, 44% are rated as amber (saving only partially achieved or risks remaining), whilst 5% are rated as red (saving not achievable). The 5% of savings rated as red, relates to 2 savings totalling £0.885m.
- 2.3 The 2 red savings which total £0.885m are as follows:
- Saving reference PA 2 - £276k in Adult Services – Review of provision of services at the Bridge day care service
 - Saving reference PA 7 - £609k in Adult Service - Community tender at Kenmore Neighbourhood Resource Centre
- 2.4 The £276k saving in respect of the review of provision at the Bridge day care centre will not be made. Following the consultation exercise with users of the Bridge, it was decided that the service will remain open. As part of the 2015/16 Final Outturn (reported to Cabinet on 16 June 2016), there was an underspend of £375k, which was added to the MTFs implementation reserve for use in 2016/17. It was decided that £0.350m of this £0.375m contribution would be used to fund the cost of retaining the Bridge day care service in 2016/17. (The future funding for the service beyond 2016/17 will be addressed through the 2017/18 budget setting process). So although this 2016/17 saving is showing as a red, the cost of not meeting this saving is covered by the contribution from the reserve.
- 2.5 The £609k saving in respect of the Kenmore neighbourhood resource centre is also rated as a red saving as it is very unlikely that the whole saving can be achieved in 2016/17. The service are looking to take forward a community model for the centre and currently working up the proposal, so at this stage feel that this saving is at risk.
- 2.6 To the extent that any of the savings are not fully achievable, directorates will work to contain any shortfall within current resources within their own directorates.

3.0 Amendments to the Capital Programme

Additions to the Capital Programme

- 3.1 A budget of £2.031m for the TfL funded Local Implementation Plan (LIP) was included in the original 2016/17 capital programme based on best knowledge of what the funding allocation would be for the year. From time to time during the course of the financial year, it is not uncommon that there are re-allocations of budgets between agreed schemes, and/or new schemes added to the Programme following agreements from TfL. The latest total estimated capital cost for the 16/17 LIP are £2.179m, which will be fully funded from TfL grant. This represents an increase in capital budget of £148k in the current programme, and it is recommended that Cabinet approve this addition.

HRA Capital programme realignment 2016/17

- 3.2 It is recommended that the virement below is approved in respect of the HRA Capital programme.

Internal works	-£1.591m
External works	£1.206m
Mechanical & electrical	-£35k
Other	£420k

A review of the approved budgets for 2016-17 has identified the requirement to transfer £1.206m resources from Internal works to external works to permit enveloping works at Buckingham Road, Cowen Avenue and Whitchurch Avenue to proceed. This transfer will not impede the progress of internal schemes which are adequately resourced. The review has also identified a requirement of £250k for Health & Safety and Sheltered works together, £120k for staffing costs and garage improvements which are reflected in the above proposed adjustments.

4.0 HRA Debt Write Off

Following a review of its debts, the Housing Service has identified amounts in the Housing Revenue Account totalling £51k which are no longer considered recoverable, £33k of which relates to deceased tenants, with the remainder due to tenants not traceable following exhaustion of all approved channels. These debts have already been provided for and represent no additional charge to HRA balances. In line with the Council's debt management policy, it is recommended Cabinet approves the write off of this amount.

5.0 Reporting for the 2016/17 Financial Year

- 5.1 Cabinet will receive quarterly monitoring reports during the year as follows:

- Quarter 1 September 2016
- Quarter 2 December 2016
- Quarter 3 February 2017
- Outturn report June 2017

6.0 Options Considered

- 6.1 None

7.0 Risk Management Implications

- 7.1 The risks to the council and how they are being managed are set out in the report.
- 7.2 Risks included on Directorate risk registers? Yes

8.0 Legal Implications

- 8.1. Section 151 of the Local Government Act 1972 states that without prejudice to section 111, every local authority shall make arrangements

for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". Section 28 of the Local government Act 2003 imposes a statutory duty on a billing or major precepting authority to monitor, during the financial year, its income and expenditure against budget calculations.

- 8.2. Decision makers should have due regard to the public sector equality duty in making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome. The equalities impact will be revisited on each of the proposals as they are developed. Consideration of the duties should precede the decision. It is important that Cabinet has regard to the statutory grounds in the light of all available material such as consultation responses. The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010.

9.0 Financial Implications

9.1 Financial matters are integral to this report.

10.0 Equalities implications / Public Sector Equality Duty

10.1 EqIAs were undertaken for proposals where relevant in relation to the proposals listed as part of the MTFS process and an overall EqIA was undertaken on the MTFS. It is not considered that this report will have any further equality implications.

11.0 Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

This report deals with the Revenue monitoring which is key to delivering the Council's new priorities:

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for local business's
- Making a difference for families.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 4 July 2016		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 4 July 2016		

Ward Councillors notified:	NO
EqIA carried out:	NO
EqIA cleared by:	If 'NO' state why an EqIA is not required for Cabinet to take a decision

Section 4 - Contact Details and Background Papers

Contact: Sharon Daniels, Interim Head of Strategic and Technical Finance (Deputy S151), Telephone 020 8424 1332, Sharon.Daniels@harrow.gov.uk

Background Papers:

[2015/16 Revenue and Capital Outturn](#)

[Final Revenue Budget 2016/17 and Medium Term Financial Strategy 2016/17 to 2019/20](#)

Call-In Waived by the Chair of Overview and Scrutiny Committee	NOT APPLICABLE <i>[Call-in applies]</i>
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