

<b>LONDON BOROUGH OF CAMDEN</b>	<b>WARDS:</b> All
<b>REPORT TITLE</b> Review of the Camden Medium Term Financial Strategy (CS/2019/17)	
<b>REPORT OF</b> Cabinet Member for Finance and Transformation	
<b>FOR SUBMISSION TO</b> Children Schools and Families Scrutiny Committee Resources and Corporate Performance Scrutiny Committee Cabinet	<b>DATE</b> 5 December 2019 9 December 2019 18 December 2019
<b>SUMMARY OF REPORT</b> <p>The Council continues to operate in a financially challenging and uncertain environment. Our like-for-like funding has reduced by 54% since 2010 and we have been forced to make an unprecedented £169m of savings. Over the course of the next three years, we forecast that we will need to make a further £35m to £40m of savings as we face continued austerity coupled with rising cost pressures and a disproportionate demand in services.</p> <p>In December 2018, Cabinet agreed a three year medium term financial strategy that set a financial course of strategic investment that focused on the ambitious priorities set out in Camden 2025. At the same time, Cabinet agreed a savings programme that ensured that we can continue to operate on a sustainable and sound financial basis. While the scale of funding cuts have meant a series of tough choices, we hope to mitigate their worst impacts through our commitment to continued innovation, a focus on prevention and our close work with residents, communities and partners.</p> <p>2019/20 represents the first year of our new medium term financial strategy and this report provides an update on:</p> <ul style="list-style-type: none"> <li>• The outlook for council funding and spending in the medium-term, outlining the financial challenges presented by the uncertainty of the current economic outlook and the uncertainty relating to future government funding for the public sector.</li> <li>• The Council’s plans to ensure a resilient financial position that provides the right level of funding required to support the delivery of Camden 2025 ambitions.</li> <li>• The progress of the Council’s new Medium Term Finance Strategy (MTFS).</li> </ul>	

- Forecast revenue and capital outturn for 2019/20 as at Month 6.
- Key risks associated with the current and projected financial position and service provision

### **Local Government Act 1972 – Access to Information**

The following resources have been used in the preparation of this report and are available online via the web address: [www.camden.gov.uk/MTFS](http://www.camden.gov.uk/MTFS):

- 2019/20 Financial Outturn Forecast: Month 6 - September 2019

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### **RECOMMENDATIONS**

The Scrutiny Committee is asked to consider the report and make any recommendations to the Cabinet.

Cabinet is recommended to:

- (a) Note the continued challenging and uncertain funding outlook for councils set out in sections 2.4 and 2.5.
- (b) Note the expected arrangements for a London-wide Business Rates pool to be proposed by Secretary of State as part of the provisional Local Government Finance Settlement, as set out in sections 2.11 to 2.12, and that the final decision to agree whether or not to stay in the pool will rest with the Leader.
- (c) Note in sections 2.13 to 2.16 the progress of the Council's Medium Term Financial Strategy initiatives.
- (d) Note the indicative estimates of additional income for 2020/21 in sections 2.19 to 2.20, and the pressures in section 2.21 and presented in Appendix A.
- (e) In relation to fees and charges discussed in section 2.22:
  - i. Delegate authority to the relevant Executive Director to decide increases to existing fees and charges up to a maximum of 5%, in consultation with the relevant portfolio holders.

- ii. Note the particular content in Appendix B setting out supporting information for the new fees and charges and the fees and charges where the proposed increase is over 5%.
- iii. Agree the new fees and charges, and the increase in fees and charges where the proposed increase is over 5%, as shown in Appendix B, delegating authority to the relevant Director to introduce those changes.

(f) Note the forecast 2019/20 revenue and capital outturn positions set out in sections 2.23 to 2.25.

(g) Note the planned use of reserves as set out in sections 2.26 to 2.29 and the forecast reserve balances presented in Appendix C.

(h) Note the risks outlined in section 4 of the report.

Agreed by: Executive Director Corporate Services

Date: 28 November 2019

## **1.0 CONTEXT AND BACKGROUND**

- 1.1 Camden's Medium Term Financial Strategy (MTFS) for 2019/20 to 2021/22 sets out our response to the financial challenge we expect to face over the three-year period and ensures that the Council has the resources in place to achieve the Camden 2025 vision of a borough where everyone contributes to achieving a safe, fair, creative and active community.
- 1.2 In December 2018, the Council forecast a growing budget deficit over the three years to 2021/22 of £35m to £40m, from a combination of rising demand and cost pressures coupled with government funding reductions. In order to address this, Cabinet considered and approved a programme of savings and investments designed to ensure the Council can continue to operate on a sustainable and sound financial footing.
- 1.3 The proposals were developed using outcomes-based budgeting, and involved a detailed, evidenced-based examination of how the Council can best use the reduced resources available. By continuing to focus on what we know works well: investing in early intervention and prevention; continuing to innovate; and focusing on value for money, the strategy laid the framework for the Council to achieve its key outcomes and deliver on Our Camden Plan and Camden 2025.
- 1.4 Cabinet receives regular financial updates throughout the year to allow both Cabinet and residents to understand the financial position of the Council, and to ensure that the Council makes the most of its investments and helps deliver Our Camden Plan priorities and the Camden 2025 vision. Through strong financial governance and a track record of delivering the agreed outcomes of successive Medium Term Financial Strategies, the Council remains in a strong position to set a balanced budget in 2020/21 in order to meet its spending requirements.
- 1.5 The ongoing uncertainty relating to central government funding means that while the Council remains in a strong position financially, there are significant medium term financial risks that the Council needs to take account of and manage to ensure the Council remains financially resilient.

## **2.0 PROPOSAL AND REASONS**

- 2.1 This report provides an update on a number of financial matters:
  - The outlook for council funding and spending following government announcements in the 2019 Spending Round, and wider economic factors
  - An update on the progress of the Council's new Medium Term Financial Strategy
  - Preliminary work in the preparation of the 2020/21 revenue budget, including known budget pressures, and intentions for increases to council tax
  - Forecasts for 2019/20 revenue and capital outturn
  - Proposals for use of the Council's reserves

- Key risks associated with the current and projected financial position and service provision.

## **Economic Environment and Medium-Term Financial Outlook**

- 2.2 There has been increased uncertainty around the national economic outlook for a number of years as arrangements for the UK's future relationship with the European Union remain unknown. The latest extension of the transition period, potentially to 31<sup>st</sup> January 2020 as agreed by the EU, together with the UK General Election in December mean that there are still a number of possible outcomes. The Office for Budget Responsibility and the Bank of England have been basing their projections for the economy on the assumption that the UK negotiates a smooth transition out of the EU.
- 2.3 The next OBR updated economic forecasts are now not expected until after the general election. Cabinet will be updated on the forecasts and their potential impact on our expected expenditure as soon as they are available.

## **Government Funding Announcements**

- 2.4 On September 4<sup>th</sup> the Chancellor of the Exchequer delivered a one-year Spending Round to set government departmental budgets for 2020/21. The government previously stated its intention to hold a new Spending Review in 2019, covering the 3 year period 2020/21 to 2022/23. However, with the political turbulence around Brexit, the Government has only provided a one-year Spending Round covering the financial year 2020/21. This has given local authorities limited assurance in terms of their financial stability for the coming financial year, and there is no funding certainty beyond this point and no indication of when a fuller and more long term plan for public sector spending will be available.
- 2.5 Simultaneously, the Ministry of Housing, Communities and Local Government (MHCLG) has been conducting a 'Fair Funding Review', looking at the drivers behind the local government funding allocations between authorities, together with a review of the Business Rates Retention system. Frustratingly the results of these reviews, which were due to be in place from April 2020, have also been deferred until 2021/22. As previously discussed, there remains considerable concern that the review is based on insufficient levels of evidence and data and that the current proposals fail to accurately capture the challenges faced by boroughs such as Camden. There is therefore considerable risk that the review will divert resources away from Camden and inner London boroughs more widely.
- 2.6 The headlines from the 2019 Spending Round for Local Government included
- £1bn in new grant funding nationally for Adult and Children's Social Care
  - Allowance for councils to levy an Adult Social Care precept of up to 2% on top of council tax, estimated to give councils access to a further £0.5bn nationally; and

- Local Government's business rates baseline funding levels will also increase in line with inflation.
- Outside of the Local Government Core Spending Power, there will also be a real terms increase in Public Health Grant, although the level of this increase is not stipulated.
- An extra £700m nationally for the schools high-needs funding block.

2.7 MHCLG are still expected to announce the provisional Local Government Finance Settlement for 2020/21 based on the September Spending Round announcements at some point in December. At the time of writing the government has yet to announce when the Local Government Finance Settlement will take place. This will provide detailed spending allocations for each local authority. In the absence of these announcements, our funding levels are based on our latest forecasts and estimates.

### **Update on London Pool for Business Rates**

2.8 For the last two years Camden, along with all London authorities and the GLA, have been participating in a pilot scheme to pool business rates income across the capital and retain an increased proportion of any business rate income growth, as the government sought to make moves towards greater local financial autonomy.

2.9 In 2018/19, the arrangements allowed London authorities to pilot a 100% retention model, allowing London to collectively retain 100% of business rates above an agreed baseline. This brought a collective financial benefit to London of nearly £400m<sup>1</sup>, of which Camden will have benefitted by £7.7m. This income has been used as part of the Council's wider strategy to maintain its long term financial stability.

2.10 The government subsequently decided to reduce the intended proportion of locally retained business rates to 75% in future years. As a result, the pilot arrangements for London were extended for the 2019/20 financial year under the new 75% retention level. Based on the latest forecasts the financial benefit of the new pilot arrangements is estimated to be around £180m to London collectively, and £4.3m to Camden directly in 2019/20. In line with 2018/19, this income will be used as part of the Council's wider MTFs strategy to ensure our financial stability and to support the strategic investments agreed by Cabinet in December 2018.

2.11 The 2019 Spending Round announced that the implementation of a new model for Business Rates would be deferred again, to April 2021, creating more uncertainty around local authority finances in the medium term. While Local Authorities will continue to benefit from a share of business rates above an agreed baseline, the retention rate for London will reduce from 75% to 67% of income above the baseline with the GLA keeping 37% and councils keeping 30%.

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<sup>1</sup> Subject to completion of the audit of all authorities' individual NNDR3 returns, which have been delayed.

2.12 If the Council operated outside of a business rates pool, it would be required to pay a 50% levy on the business rates income growth it retained. However, London Councils Leaders' Committee have agreed in principle to support a pool for London under the 67% retention rates. The benefit of a London wide pool would be that collectively, London would pay a lower levy rate on growth than the individual authorities would if they operated outside of the pool. This is estimated to benefit Camden in the region of £0.5m to £1.0m. Such an arrangement would also continue to demonstrate to government our continued ability to collaborate and provide a greater collective influence. The pooling designation will be included in the provisional Local Government Finance Settlement and will require authorities to ratify their involvement within 28 days thereafter. As in previous years, the final decision to agree whether or not to stay in the pool will be taken by the Leader of the Council.

### **Medium Term Financial Strategy and Forecast**

2.13 Despite the ongoing pressure on the level of funding available to the Council, the uncertainty relating to the economic environment and future government funding levels, the current MTFS remains our best assessment of our financial outlook. Based on our best and latest forecasts, the Council finances remain stable and we remain confident of being able to produce a balanced budget over the next two years subject to the successful delivery of the agreed medium term financial strategy.

2.14 2019/20 is the first year of our strategy and contains approximately 100 projects that is set to deliver a net £12.4m to the general fund in 2019/20 and £28.4m saving by 2021/22.

2.15 Good progress has been made in the first six months of 2019:

- 65 (of 94) projects have savings targets for 2019/20, of which 47 are on track to achieve their full Year 1 targets.
- Overall, 88% of the £12.4m 2019/20 target is forecast as 'on track', with strong governance and oversight in place to support those projects facing challenges.
- Of the remaining 12% (£1.5m), 80% is expected to be delivered in full and within the MTFS time horizon, but not within the current financial year.
- Any delays in delivery and other challenges in meeting the full Year 1 savings targets have been captured in the 2019/20 forecast financial outturn position referred to in section 2.24.

2.16 With regards to the three-year outlook, the majority of the portfolio has good levels of confidence in achieving targeted outcomes (in both financial and outcomes terms). Unpredictable internal and external factors will of course impact on the delivery of projects however, and internal focus is on supporting teams and project leads to be able to identify risks and issues at an early a stage as possible in order to develop mitigations and alternatives – while staying true to the original outcomes-focused approach.

## Budget Setting Considerations for 2020/21

- 2.17 Camden is currently in the process of setting detailed service budgets for the 2020/21 financial year and we remain in a strong position to balance the budget. Inflationary uplifts have been added and planned savings targets deducted. However, we continue to monitor our financial position and to refine our estimates of our future funding and spending levels as more information becomes available.
- 2.18 The Spending Round confirmed government's intention to re-impose the local referendum limit for council tax increases at 2%. This is a reduction from the 3% limit seen in 2018/19 and 2019/20, and restricts local authorities in their ability to address funding pressures through local taxation. For modelling purposes, Camden have assumed a 2% increase in its own funding projections for future income.
- 2.19 In addition to the main council tax increase, authorities are expected to be able to raise a precept for Adult Social Care of up to 2%. This would generate a projected £2.27m additional income for Camden and will be considered as part of the council tax and budget setting report due for Council approval on 2<sup>nd</sup> March. The charging of this levy would go some way to addressing the pressures in service and subsequently the remaining projected council funding gap.
- 2.20 The anticipated increases in grant funding for 2020/21 are still to be confirmed in the Local Government Finance Settlement, however documents from MHCLG following the Spending Round have indicated that the new £1bn national social care funding will provide an additional £5.64m to Camden. This will go some way to funding pressures in the service resulting from forecast demographic and contract price increases.
- 2.21 As part of our medium term modelling includes an assumption that £5m will be required each year to fund costs that the council has limited or no scope to mitigate such as new legislative requirement or are unavoidable in the context of demographic and/or economic change. The Council is currently working to explore these emerging pressures and considering the impact on the following two years. **Appendix A** lists the pressures and areas of investment recommended to allow the Council to produce a balanced budget and to ensure the necessary spending plans are in place to deliver the ambitions of our Camden Plan and Camden 2025.
- 2.22 Fees and charges are proposed by officers and approved by Cabinet and, where required, by Council, on an annual basis. Fees requiring approval by Council will be presented in full in the budget setting report on 2<sup>nd</sup> March. Reporting to Cabinet is on an exception basis, with new fees or those fees or charges with proposed increases above the 2020/21 threshold of 5% listed individually. These are listed in **Appendix B**, together with detail on the reasons for the charges. Cabinet is recommended to agree the fees as presented, and also to agree that decisions on increases up to 5% on existing



fees are delegated to Executive Directors in consultation with the relevant Cabinet Members.

### **2019/20 Forecast Financial Outturn**

- 2.23 The Council operates a quarterly budget reporting system with a process to monitor significant movements between quarters. The following summary updates on the forecast outturn position for 2019/20 as at month 6 (30 September). Further detail on the forecast can be found in the online document *2019/20 Financial Outturn Forecast (Month 6 – September)*.
- 2.24 The General Fund is showing a forecast revenue overspend of £0.9m. This position is driven largely by a series of under and overspends across the organisation and is not caused by one particular issue. In addition, the Council is in the first year of its three-year savings programme and transitioning is ongoing which includes adapting to new funding constraints. As part of its regular monitoring processes, the organisation will continue to review its financial position and performance against the MTFs savings programme. That said, there remains the strong expectation that the Council will remain within its budgeted resource by the end of the financial year.
- 2.25 The Council's Capital programme is forecast to be £11.3m underspent at year end against an overall budget of £231m. The underspend relates to delays on a number of projects across the programme, with expenditure expected to be incurred in future years. Overall the Capital programme is forecasting to be overspent by £0.9m. The level of expenditure on the capital programme will continue to be monitored and work done to bring the overall expenditure within agreed budget limits.

### **Reserve Balances and Planned Use of Reserves**

- 2.26 The Council sets aside specific resources in our reserves as part of our wider approach to prudent financial management. Reserves are treated like long-term savings put away for specific purposes and the Council will use them only when strictly necessary. The challenging financial climate means it is increasingly difficult to transfer unspent income into reserves. Like savings, the money can only be used once. When money is drawn down from reserves and not replenished in equal or greater proportion the reserves start to deplete.
- 2.27 In accordance with CIPFA guidance, we have a number of both general balances and earmarked reserves. General balances are held as a wider financial contingency against unexpected financial shocks, and are maintained at around 3% of total council expenditure. The level of general balances was recently increased from £13.62m to £13.98m through allocation of the 2018/19 year-end surplus.
- 2.28 Earmarked reserves are held for a number of specific purposes. This includes, but is not limited to, the support to the delivery of our key strategic outcomes within Our Camden Plan, to contribute to our Capital Programme, to mitigate future known financial risks (such as insurance liability or a decline in business rates) and to provide investment and pump prime initiatives that will deliver

future financial benefit and longer term savings. In managing our reserves over the medium term, we have recognised that they are a one off resource and not a sustainable solution to the financial challenges that we face over the medium term.

2.29 As part of our prudent financial management, all reserves are regularly reviewed to ensure that they remain at appropriate levels and are relevant. If they are no longer required for the purposes originally intended, they are reallocated to best support our strategic priorities. The scale of the savings programme outlined within the MTFS is significant and in developing this, it has been important to reduce the worst impacts on front line services. As such, it has been agreed that some limited use of reserves will be required as part of our financial strategy. This additional resource will provide capacity and one-off investment to support our strategic outcomes. It is recognised that once this resource is used, it is no longer available for other purposes and simply provides some limited time to enable service changes to be planned and implemented in an orderly way. A summary of the current and forecast balances of reserves is presented in **Appendix C**.

2.30 The Cost of Change reserve is the main source of one-off investment funding to support the delivery of the Council's MTFS programme. Current forecast suggests that £5.9m of the earmarked £10.4m against the Cost of Change reserve will be drawn down in 2019/20.

### **3.0 OPTIONS APPRAISAL**

3.1 The report asks the Cabinet to agree the introduction of new Fees and Charges, and individual Fees and Charges where the proposed increase is more than 5%, or where the charge is being levied for the first time. The Cabinet could decide not to agree these Fees and Charges for 2020/21 however this could impact on the ability for a service to recover its costs or result in budget pressures.

### **4.0 WHAT ARE THE KEY IMPACTS / RISKS? HOW WILL THEY BE ADDRESSED?**

#### **Government Funding**

4.1 In 2017 the government began a series of consultation exercises as part of a 'Fair Funding review', which was intended to lead to a new funding structure for Local Authorities from 1 April 2020. Camden, along with a number of other local authorities, responded to the consultation by calling for a simpler, more transparent and responsive funding structure which takes account of changing demands on local government services, and provides certainty over the longer term. It is likely that Camden would lose out as a result of proposed changes to the local government funding model, in common with other urban areas across England where poverty is most acute. There is, however, a wider point to make regarding the scope of these measures. In Camden's view, they represent a missed opportunity to innovate and to have a broader discussions about the

funding of local public services. Though, it should be noted that this review simply focuses on how funding is allocated to local government. It does not address the far greater question of how much funding should be provided to deliver local government services, which, after ten years of significant funding reductions, has created significant financial pressures for many across local government and has resulted in a number of high profile financial failures.

- 4.2 In our submission to the government's consultation on 'Fair Funding', the Council highlighted the need to properly consider the challenges and costs which local authorities face. In arguing for greater powers to tackle these issues ourselves, our consistent emphasis has been on the need for councils to be given greater freedoms to develop local policy solutions, building flexibilities into the system that enable us to make best use of our resources.
- 4.3 The government has recently announced that the conclusion of the 'Fair Funding' review will be delayed until April 2021. Linked to this the Government announced that they would provide only a one-year financial settlement for 2020/21 with a three-year settlement not in place until April 2021.
- 4.4 As stated in paragraph 2.11 the government are also carrying out a review of the Business Rates Retention (BRR) system, whereby councils retain an element of the business rates collected in their area. Under current arrangements, retained income from business rates over and above this baseline (essentially growth) is kept by the local authority, subject to payment of a levy to central government. One of the considerations of the review of the BRR system is when the government will reset our target income (business rates baseline). For Camden, this would mean that additional income that it has retained since the system was introduced would return to government for redistribution across the country. The results of this review have also been delayed until April 2021, which again presents considerable uncertainty when we look to plan for our financial future.
- 4.5 The delay in the conclusion of both the 'Fair Funding' review and the Business Rates Retention system, along with the one-year funding settlement from government means that the Council has little or no certainty over future funding levels making longer term planning difficult. The Council is managing this risk by continuing to make prudent financial assumptions in its medium-term financial strategy and by holding a level of reserves to provide a medium-term support for council budgets in the event of a further reduction in government resources.

## **Brexit**

- 4.6 There is ongoing uncertainty around Brexit potentially leading to an increase in inflation in parts of the economy. For context, should we increase contract budgets by an additional 1% in each year of 2020/21, 2021/22 and 2022/23, above the 2.5% planned for each year, it would result in an increase in the deficit for 2022/23 of £3.5m more than the current MTFS position.
- 4.7 In addition further potential delays to Brexit and the details of any exit arrangements between the UK and the European Union may result in changes

to public finances which would mean the government reviewing departmental budget allocations, with the possibility of this having a knock-on effect on local government funding. At present it is very difficult to predict how the, as yet undecided, timing and details of Brexit will affect the funding available to Camden.

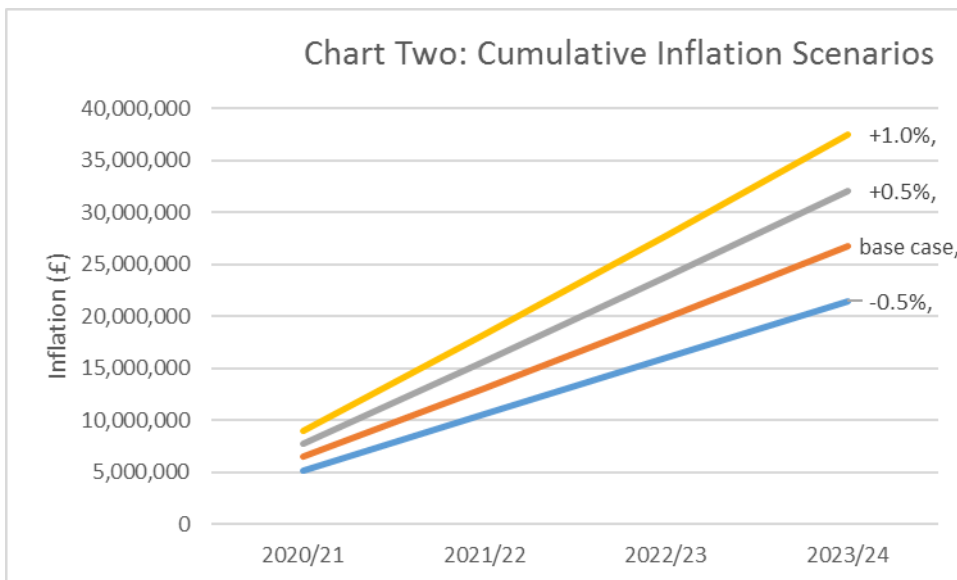
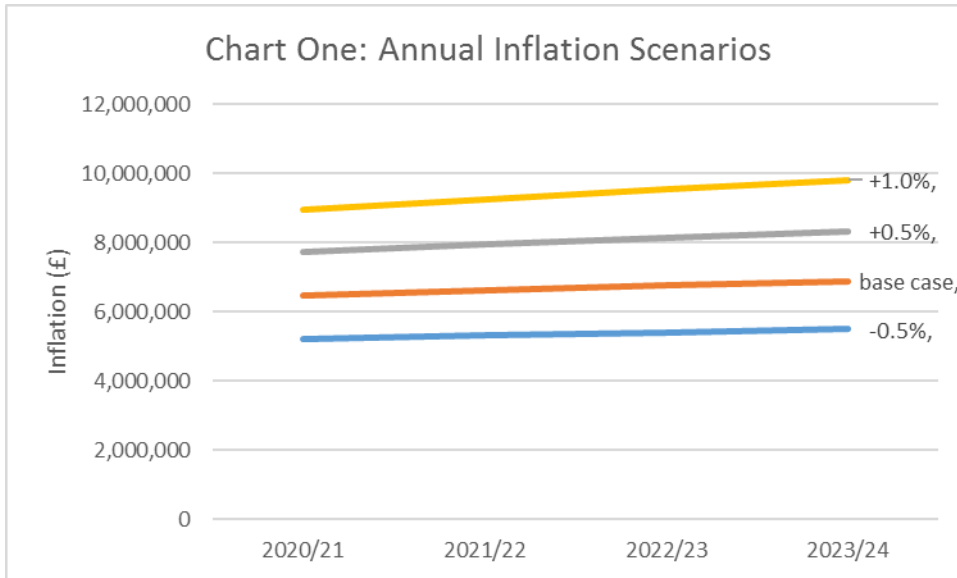
## Inflation

- 4.8 As reported to Cabinet in July 2019, the table below details of the Council's inflation assumptions used as part of its budget setting process for 2020/21 and the multi-year financial forecast. These are in line with medium term forecasts for CPI of 2.0%, with an acknowledgement that contract inflation will be slightly higher as the Council remains committed to paying London Living Wage (LLW) on all its contracts, which is anticipated to increase at a higher rate.

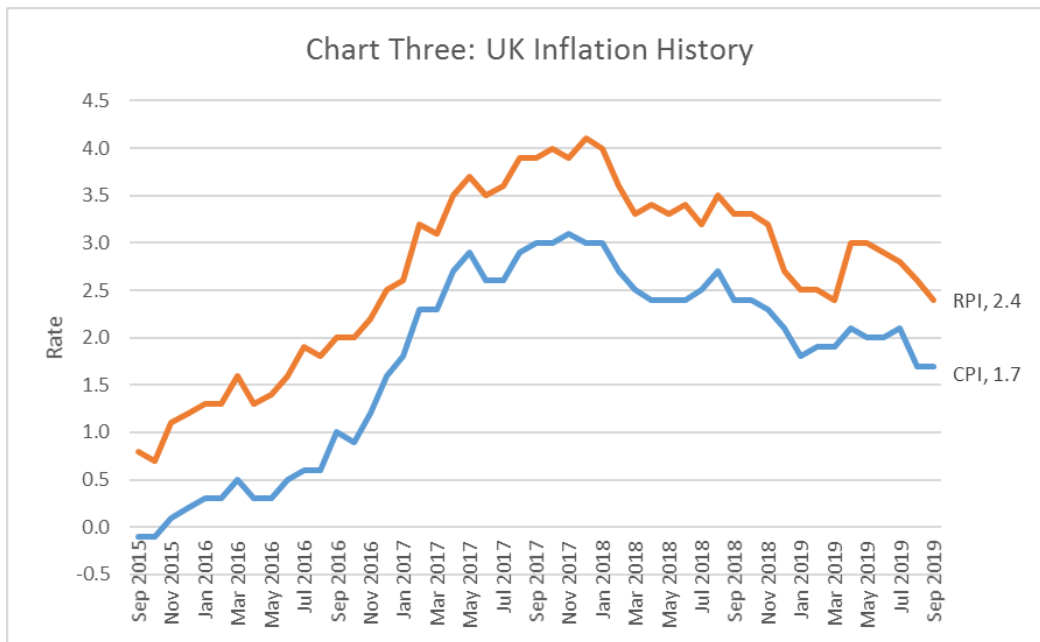
**Table One – current inflation assumptions**

Type	Description	2020/21 onwards
Expenditure	Employees	2.0%
	Premises	2.0%
	Transport	2.0%
	Supplies and Services	2.0%
	Contracts	2.5%
Income	Government Grants	0.0%
	Rents, Sales, Fees & Charges	2.0%
	Other Reimbursements and Contributions	2.0%

- 4.9 These assumptions have not changed since July 2018 as national inflation forecasts have remained fairly static, particularly in the long term. However, officers have carried out sensitivity analysis in order to demonstrate the impact of changes in our inflation assumptions. Charts 1 and 2 below show that an increase of 1.0% on the current inflation assumptions (excluding government grants) would add approximately £2.5m to the 2020/21 funding requirement, increasing total net inflation from £6.5m to £9.0m. The additional annual funding requirement increases over time as the impact is compounded, increasing to nearly £3m by 2023/24. The cumulative impact of this additional 1% on inflation would be an additional funding requirement of over £10m by 2023/24.



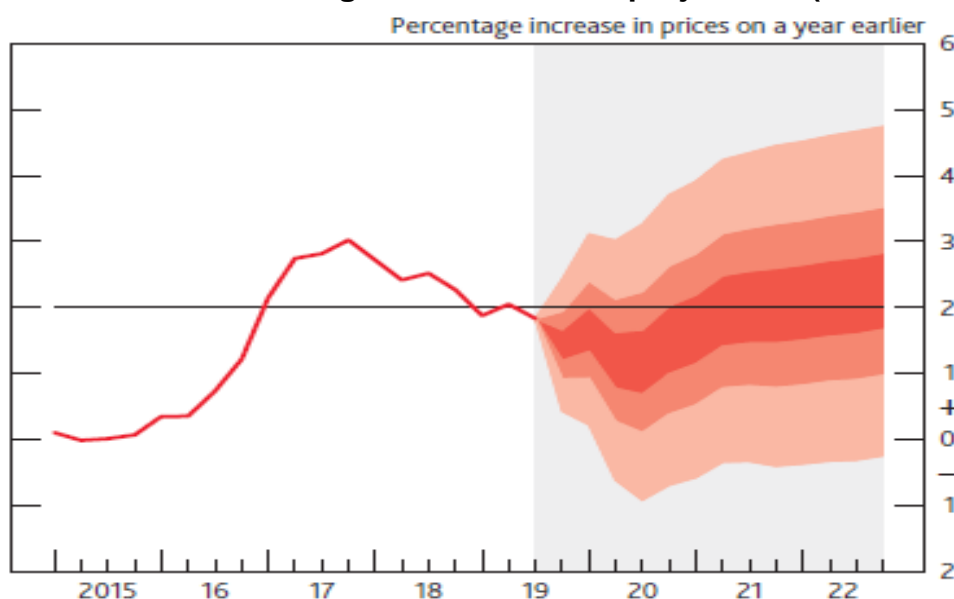
4.10 Looking back, inflation has come down from a 7 year high in December 2017 to rates of 2.4% for retail price index (RPI) and 1.7% for consumer price index (CPI) in September, as shown in Chart 3 below. The September CPI rate is used to set a number of price increases for the coming financial year.



4.11 The Bank of England’s Monetary Policy Committee (MPC) sets monetary policy to meet the Government’s 2% inflation target, and in a way that helps to sustain growth and employment. At its meeting ending on 6 November 2019, the MPC voted by a majority of 7-2 to maintain Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion.

4.12 The MPC reports that inflationary pressures are expected to lessen in the near term, as presented in Chart 4 below, with CPI inflation expected to fall to an average of 1.2% by spring 2020 owing to the temporary effect of falls in regulated energy and water prices, before rising again to 2.0% in the second year of their forecast and 2.2% in the third year, as a significant margin of excess demand emerges.

**Chart Four – Bank of England CPI inflation projections (November 2019)**



## **Impact of the Council's Medium Term Financial Strategy**

- 4.13 The Council is in the first year of a new three year MTFS to achieve the required savings and ensure resources are in place to deliver the ambitions of Our Camden Plan and Camden 2025.
- 4.14 There is an inherent risk in delivering a significant savings programme in that some of the projects may not deliver the level of savings identified. This can be for a variety of reasons such as additional pressure on a service due to changes in demographics and the wider economic climate, unforeseen consequences of project changes, delays in the implementation of new delivery solutions and changes in legal and regulatory frameworks affecting specific services.
- 4.15 Camden has a Project Portfolio Management (PPM) approach in place to oversee, analyse and collectively manage the projects that comprise the MTFS portfolio. Our approach recognises that projects differ significantly in size, scope, context and content – and that as such no 'one' approach can fit all. At the same time a central function that captures good practice, shares and encourages collective communication and innovation, and supports project and programme managers to deliver on outcomes and financial targets is helping Camden to ensure that we are best placed to achieve our operational and financial goals. Functions within the PPM team include training, direct project support, mentoring (both area-specific and for general project management) and portfolio-level analysis to elicit and build on emerging themes and practices at an organisational level..

## **Impact of the Climate Crisis**

- 4.16 In July 2019, Camden held the UK's first Citizens' Assembly on the climate crisis. Over three sessions, Assembly members considered evidence from climate scientists, environmentalists and community energy practitioners, before developing their proposals on how Camden should address the climate crisis.
- 4.17 Camden's response to the climate crisis will be formalised through a new Climate Action Plan for Camden which will be subject to consultation in 2020. The Climate Action Plan is informed by the work of Camden's Citizen's Assembly on the climate crisis, and the emerging projects and programmes are being designed to minimise the financial impact on the Council. Financial impact will be controlled by aligning Camden's climate response with existing, funded programmes, such as those committed to as part of Camden's recently adopted Transport Strategy. It will also be achieved by designing projects with a view to attracting external investment and grant funding - over the last ten years Camden's environmental leadership has secured approximately £75m of external grant and investment.

## **Impact of Welfare Changes**

- 4.18 Universal Credit full service was introduced across Camden on 5 December 2018 for all new claims and it is anticipated that 100 people a week will make a claim. Whilst pensioners and those in temporary/supported housing will remain on legacy benefits for the foreseeable future, it is anticipated that over 18,500 residents will transfer to Universal Credit (UC) over the next 4-5 years through either making a new claim or through the government's 'managed migration' of existing claimants, expected to take place between 2020 and 2023.
- 4.19 Our analysis has identified that over 4,450 households may be worse off under the UC calculation and new claimants need to wait for the first payment, potentially leading to increased hardship and risk of homelessness. There is also a risk for the Council as a landlord as 9,500 council tenants are expected to transfer to the new benefit, 2,600 of which may be worse off. A support model has been set up to support residents make and sustain their claim with early intervention taking place for key, high risk households. Camden is committed to ensuring that no council tenant is evicted if they get into rent arrears as a result of government delays in UC payments.

### **Risks within Adult Social Care and Health Integration**

- 4.20 Adult Social Care continues to operate in a challenging financial environment. The Council has already delivered significant savings programmes in Adult Social Care, the most recent of which was the £16.8m delivered between 2015/16 and 2018/19, which increases the challenge of delivering further savings from 2019/20. Clearly the cumulative impact of such a significant reduction in expenditure cannot be underestimated.
- 4.21 The national funding arrangements for social care remain volatile as the government continues its approach of one-off or short term funding solutions. The Adult Social Care Green paper continues to be delayed, which makes longer term financial planning difficult. The most recent Government announcements have indicated a further year of existing ASC grant (with no uplift) and a further one-off grant in 2020/21.
- 4.22 Most of the direct care funded by the Council is delivered by external providers who are also under financial strain. The legislatively required increases in employer's pension contributions together with the financial impact of the Council's commitment to the London Living Wage (which increased by 3.4% in 2017/18 and 4.6% in 2018/19), and the Ethical Care Charter for homecare workers will have a significant impact on social care costs as approximately 80% of externally purchased care is pay related. This of course must be seen in the context of the benefits of these policy decisions, including fair employment practice, greater stability in the social care workforce, and decent employment opportunities for Camden residents.
- 4.23 Adult Social Care is also facing demographic pressures from increasing numbers of older adults with multiple long term conditions. Learning disability services are also experiencing significant demographic pressures from a combination of increasing numbers of young people with complex needs transitioning into the service, and improvements in longevity.



- 4.24 Although the 10 Year Forward Plan for the NHS has some guarantees of funding for the NHS, the local NHS system is under increasing financial strain, which is being addressed locally through the North Central London Sustainability and Transformation Plan. However pressures and changes in the NHS system, particularly the requirement to avoid people being admitted to hospital and to avoid discharge delays, have the potential to cause significant costs in the social care sector.

### **Risks in Children's Services and Special Educational Needs (SEN)**

- 4.25 The Council's approach to transformation and investment in early intervention and prevention has enabled the management of the children's social care budget within the available resources. However, the Council is experiencing increasing numbers of unaccompanied asylum seeking children which are having a consequential impact on the availability of places in the young people's pathway.
- 4.26 The Council continues to invest additional resources in youth services to help mitigate the impact of youth violence improve community cohesion.
- 4.27 In common with other education authorities, Camden is experiencing costs pressures on its Dedicated Schools Grant High Needs Block (DSG HNB). The DSG HNB pays for educational services for children and young people with special educational needs (SEN). The HNB is experiencing cost pressures from a combination of demographic and cost inflation. However, the most significant pressure has been caused by the implementation of the Children and Families Act 2014, which extended local authority responsibilities for SEN services to support young people to age 25, but without adding resources into the system. The Council's careful management of its HNB had resulted in the creation of a HNB reserve within the DSG reserve. However current forecasts indicate that the HNB reserve will be extinguished during 2019/20 and the HNB will fall into deficit. The SEN pressures are not unique to Camden and so we are working with London Councils as part of a national lobbying arrangement to put pressure on the Department for Education (DfE) to increase funding for SEN. In September 2019 the DfE announced an additional £700m for HNB. Camden is expected to receive additional funds of circa £3.1m which will alleviate much of the in-year pressure, but the rate of increase in numbers of children with an EHC and cost increases are anticipated to increase the deficit on the HNB DSG reserve.
- 4.28 We are seeking to mitigate SEN cost pressures by working with Camden schools to deliver additional resource provision for children with autism in the borough so that we can reduce expensive out-of-borough placements, as well as a review of external high cost placements. The Council is also reviewing ways in which more young people with an EHC plan can be supported into employment.

### **Schools Funding Pressures**

- 4.29 Schools continue to experience cost pressures arising from increasing costs coupled with below inflation funding increases. Camden schools are expected

to receive the minimum funding increase of 1.84% within which they will need to meet the first 2% of the teacher's pay award of 2.75%. Schools will also have to absorb the £6,000 increase in Teacher's starting salaries. Funding levels beyond 2020/21 have not yet been announced and are still expected after the next government comprehensive spending review.

- 4.30 Camden schools are also impacted by a 9% reduction in numbers of children entering primary schools between 2015 and 2019. Over the last few years the Council has taken action to remove 5 forms of entry, including the closure of St Aloysius. DfE guidance is that local authorities should aim for 5% surplus places in the school system. In order to reduce over supply to this level the Council will need to remove another 4.5 forms of entry. The Council is working with the primary schools to develop proposals to reduce school places to a sustainable level.

## **5.0 LINKS TO OUR CAMDEN PLAN**

- 5.1 The new outcomes-based Financial Strategy is planned to allow the organisation to maximise the deployment of its increasingly limited resources towards the achievement of Our Camden Plan outcomes.
- 5.2 We will continue to use this approach of implementing savings and deciding investment priorities to ensure our limited resources are used in line with Our Camden Plan.

## **6.0 CONSULTATION/ENGAGEMENT**

- 6.1 There has been no formal consultation.

## **7.0 LEGAL IMPLICATIONS**

- 7.1 The Borough Solicitor has been consulted and has no comments to add.

## **8.0 RESOURCE IMPLICATIONS**

- 8.1 The comments of the Executive Director Corporate Services are included within this report.

## **9.0 TIMETABLE FOR IMPLEMENTATION**

- 9.1 Implementation of proposals will occur as outlined in the body of the report. Council will receive a council tax and budget setting report for the financial year 2020/21 for agreement at its meeting on 2<sup>nd</sup> March. The Fees and Charges agreed in this report will be in effect for the financial year 2020/21.

## **10.0 APPENDICES**

10.1 Further information is provided in the attached appendices:

Appendix A: Key Budget Pressures for 2020/21

Appendix B: Fees & Charges for 2020/21

Appendix C: Reserve Balances and Allocations

**REPORT ENDS**

## APPENDIX A – Key Budget Pressures for 2020/21

The Council has identified a number of budget pressures and new funding priorities for 2020/21. In taking into account the pressures and areas of investment summarised below in its financial planning for 2020/21 the Council will ensure the necessary spending plans are in place to deliver the ambitions of our Camden Plan and Camden 2025 as part of a balanced budget.

<b>Pressure / Investment item</b>	<b>2020/21 Projection £'000</b>
Employment Support Initiative	1,500
Pensions Contribution Increase	1,400
Corporate Property Business Rates Increase	500
HS2 Team	243
Psychologically Informed Approach	240
Social Value	88
	<b>3,971</b>

### Employment Support Initiative (£1,500K)

As agreed by Cabinet in December 2018 as part of the Medium Term Financial Strategy investment initiatives, the Council will be making an investment of £1.5m per annum from 2020/21 to design and develop an integrated employment support offer with our business and education partners.

### Pensions Contribution Increase (£1,400K)

The forecast annual increase in employer contributions to the pension scheme to be confirmed by the Council's actuaries as part of the funding strategy, following the 2019 triennial valuation. This reflects a 1% increase in the Council's contribution rate, in keeping with the Council's existing contribution stabilisation strategy.

### Corporate Property Business Rates (£500K)

Following the 2017 revaluation undertaken by the Valuation Office Agency (VOA), the business rates payable on a number of our corporate properties has increased. In order to dampen the increases imposed they are phased in over successive years. This increase in cost to the council will result in a budget pressure.

### HS2 Team (£243K)

We continue to support our residents and communities in responding to and mitigating the impacts of HS2 construction, following issues raised at Regent's Park ward community conversations in January and October 2019, and also to better plan for the future of the area to maximise potential for local improvements.

### Psychologically Informed Approach (£240K)

An initiative to take a Psychologically Informed Approach (PIA) to working with residents, to enable colleagues to understand people holistically and work better with them to tackle the root causes of problems. Following evidenced benefit in adopting a Psychologically Informed Consultation and Training (PICT) model, the Council will commission psychologists from Camden & Islington Foundation Trust to support colleagues in the Landlord Service, Sheltered Housing and potentially other services in future to promote early intervention and prevention-type support rather than more costly crisis-type responses.

### **Social Value (£88K)**

Every year Camden spends approximately £400 million on services, goods and supplies on behalf of our communities – an important opportunity to secure the widest benefit for our community. Through this project, our aim is to drive social value and value for money through every pound we spend, harnessing our buying power to create benefits and opportunities for our residents – for example, by securing things like apprenticeships and training opportunities for our young people and disadvantaged residents and ensuring suppliers are engaged within the communities in which they operate. To assist with the implementation of the social value ambitions of the organisation, Camden has recruited a new Strategic Contract and Responsible Procurement Manager.

**APPENDIX B: FEES & CHARGES FOR 2020/21**

This report delegates authority for approving fees and charges increasing up to 5% to the relevant Executive Director in consultation with Portfolio holders. New fees and charges or exceptions where increases are 5% and above on the previous year's maximum level are detailed for Cabinet approval. It should be noted that the fees and charges presented represent the maximum level that the Council can charge for a particular service. In agreeing the fee level Cabinet is granting the authority to charge up to that level.

Supporting information is provided below to explain the exceptional proposals and the reasonableness of the fee or charge.

**Community Services (COM)**Arts and Tourism

The service are proposing to increase two library hire fees above 5% to improve cost recovery and address existing income pressures. The other library hire fees are being increased between 2% and 5% to ensure income is achieved at cost recovery. The service are also proposing to increase Civic Floor Committee room hire from £45 to £50 per hour to improve cost recovery.

The service are proposing to maintain film location and admin fees at 2019/20 levels.

The service propose to introduce a fee for the hire of the 5PS café area out of hours to allow additional hire of this space. Occasionally there is demand to hire this space of hours, such as Elections and the Camden wedding fayre.

The service are proposing to introduce a short notice penalty fee for event organisers who ask us to agree a contract for use of space with less than 14 days' notice to reflect the cost of the additional hours worked required to meet this demand in time.

Libraries

Libraries have introduced new colour printers and can now provide colour printing and photocopying, we propose to introduce new charges, COM.550 – COM.552, to reflect this. The fees are set at a higher level than black and white prints to reflect the higher cost of providing colour.

Sports

The service are proposing to maintain concessionary fees at 2019/20 levels.

**Place Management (PLA)**Environment Services

New fees and charges (PLA.848, 849, 850) have been introduced for business waste customers. PLA 848 is proposed to ensure the cost of deploying or collecting bins to/from businesses premises is recovered particularly where there are frequent requests to vary

the number of bins supplied. A new service is being offered to coffee shops or similar venues to help it recycle disposable cups and therefore a new charge, PLA.849, is being proposed for the service. To help overcome issues with businesses contaminating recycling bins with non-recyclable items a new charge is proposed, PLA.850, to reflect the additional cost of disposal and to provide an incentive to separate the waste properly.

## Regeneration & Planning (REG)

### Sustainability

The London Borough of Camden set up the Camden Climate Change Alliance (CCCA) in November 2008 to support businesses and other institutions in the borough to reduce carbon emissions. To continue to provide free basic membership, the Alliance is seeking additional income streams including sponsorship. The service are proposing to introduce two annual sponsorship rates. This provides businesses with an opportunity to demonstrate commitment to sustainability in the borough by supporting our activities. There are two levels to choose from, Benefactor (£6,000) and Advocate (£3,000), which provide different levels of benefits as detailed in the table below. The cost of annual sponsorship is based on the size of the organisation. Businesses with less than 250 full-time equivalent employees receive a 25% discount on the rates shown in the table below.

	Sponsorship level	
	Benefactor (£5,000 +VAT)	Advocate (£2,500 +VAT)
<b>Exposure of your business brand</b>		
1. Your business logo and profile listed on our website	✓	✓
2. Your business logo and profile featured in at least one of our monthly electronic newsletter publications*	✓	✓
3. Your business logo featured in our annual report	✓	✓
4. Opportunity to author one blog piece for the CCCA website	✓	✓
5. Use of your business banner at our annual event	✓	
6. Invitation to speak at two CCCA or partner events	✓	
7. introduction to speakers at events	✓	
8. Free attendance (up to 3 employees) to CCCA events	✓	
<b>Use of the CCCA logo</b>		
9. Use the CCCA supporter's mark logo on your website, selected marketing materials and stationery.	✓	✓
10. CCCA team to present to your employees on sustainability in the borough	✓	
11. CCCA team to present at one of your events	✓	
<b>Support local organisations</b>		
12. Invitation to create bespoke sustainability projects. These projects could include air quality, fuel poverty, waste or green space.	✓	
13. Provision of one year CCCA premium membership (Support to a local organisation)**	✓	

## Customer Services (CUS)

**Registrars**

A number of fees and charges are statutory and there is no discretion for the Council to vary the charges therefore CUS.053, 54, 55 and 61 reflect the new statutory levels. Two fees have been revised and increased by more than 5% after comparison with charges elsewhere. The fee for the Ceremony Room (Including room hire only) for Tavistock House on Monday – Wednesday has been increased by more than 5% after benchmarking showed the revised fee is achievable.



## NEW FEES AND CHARGES FOR 2020/21

Ref	Division	Service	Description	Legislation	2020/21 Fee (£)
COM.029	Community Services	Arts & Tourism	Libraries Hire - Large Areas Out Of Hours - Out Of Hours	Local Government Act 2003	367.50
COM.030	Community Services	Arts & Tourism	Libraries Hire - Medium Areas - In Hours	Local Government Act 2003	68.25
COM.032	Community Services	Arts & Tourism	Libraries Hire - Small Areas - In Hours	Local Government Act 2003	52.50
COM.540	Community Services	Arts & Tourism	Film Location Fees Small Crew Half Day	Local Government Act 2003	500.00
COM.541	Community Services	Arts & Tourism	Film Location Fees Small Crew Full Day	Local Government Act 2003	1,500.00
COM.542	Community Services	Arts & Tourism	Film Location Fees Medium Crew Half Day	Local Government Act 2003	700.00
COM.543	Community Services	Arts & Tourism	Film Location Fees Medium Crew Full Day	Local Government Act 2003	1,500.00
COM.544	Community Services	Arts & Tourism	Film Location Fees Large Crew Half Day	Local Government Act 2003	3,000.00
COM.545	Community Services	Arts & Tourism	Film Location Fees Large Crew Full Day	Local Government Act 2003	6,000.00
COM.546	Community Services	Arts & Tourism	Film Location Fees Very Large Crew Half Day	Local Government Act 2003	6,000.00
COM.547	Community Services	Arts & Tourism	Film Location Fees Very Large Crew Full Day	Local Government Act 2003	12,000.00
COM.548	Community Services	Arts & Tourism	Film Location Fees S/L Crew/photography (per hour)	Local Government Act 2003	120.00
COM.549	Community Services	Arts & Tourism	Film Unit Bases (per day)	Local Government Act 2003	3,000.00
COM.553	Community Services	Arts & Tourism	Highways and Untraditional Spaces Hire for Events - Large commercial full day activation	Local Government Act 2003	4,367.00
COM.554	Community Services	Arts & Tourism	Highways and Untraditional Spaces Hire for Events - Community Event - Small Scale street party, under 500 attendees	Local Government Act 2003	100.00
COM.555	Community Services	Arts & Tourism	Event space application – surcharge for late applications within 14 working days of event	Local Government Act 2003	250.00
COM.556	Community Services	Arts & Tourism	Parks Hire - Community Event, Small scale street party, under 500 attendees	Local Government Act 2003	100.00
COM.557	Community Services	Arts & Tourism	INDOOR VENUES HIRE - 5PS Floor 2 Coffee area (out of hours)	Local Government Act 2003	135.00
COM.249	Community Services	Libraries	Sale of Publications	Public Libraries and Museums Act 1998	45.00
COM.550	Community Services	Libraries	Libraries other charges - Computer print - A3 colour (per page)	Public Libraries and Museums Act 1991	1.50
COM.551	Community Services	Libraries	Libraries other charges - Photocopying - A4 colour (per page)	Public Libraries and Museums Act 1991	0.75

## APPENDIX B

Ref	Division	Service	Description	Legislation	2020/21 Fee (£)
COM.552	Community Services	Libraries	Libraries other charges - Photocopying - A3 colour (per page)	Public Libraries and Museums Act 1991	1.00
PLA.848	Place Management	Environmental Services	Business - Per bin deployment or removal charge	Environmental Protection Act 1990	40.00
PLA.849	Place Management	Environmental Services	Business - Coffee cup recycling	Environmental Protection Act 1990	15.00
PLA.850	Place Management	Environmental Services	Business - Contaminated recycling disposal charge	Environmental Protection Act 1990	28.90
REG.152	Regeneration & Planning	Sustainability	Camden Climate Change Alliance Annual sponsorship	Local Government Act 2003	6,000.00
REG.153	Regeneration & Planning	Sustainability	Camden Climate Change Alliance Annual Sponsorship advocate	Local Government Act 2003	3,000.00

### FEES AND CHARGES INCREASING OVER 5%

Ref	Division	Service	Description	Legislation	2020/21 Fee (£)	% Increase from 2019/20	£ Increase from 2019/20
COM.012	Community Services	Arts & Tourism	Indoor Venues Hire - Civic Floor Committee Rooms (small) (per hour)	Local Government Act 2003	50.00	11.1%	5.00
COM.031	Community Services	Arts & Tourism	Libraries Hire - Medium Areas - Out Of Hours	Local Government Act 2003	137.00	37.0%	37.00
CUS.035	Customer Services	Registrars	Rebooking Fee	Local Government Act 2003	40.00	14.3%	5.00
CUS.041	Customer Services	Registrars	Civil Ceremonies - The Ceremony Room (Including room hire ONLY for Tavistock House) Monday - Wednesday	Local Government Act 2003	170.00	13.3%	20.00
CUS.053	Customer Services	Registrars	Current Marriage & CP Certificate	Registration of Births, Deaths, Marriages and Civil Partnership (Fees) Regulations 2016	11.00	175%	7.00
CUS.054	Customer Services	Registrars	Current Birth, Short Birth or Death Certificate	Registration of Births, Deaths, Marriages and Civil Partnership (Fees) Regulations 2016	11.00	175%	7.00

## APPENDIX B

Ref	Division	Service	Description	Legislation	2020/21 Fee (£)	% Increase from 2019/20	£ Increase from 2019/20
CUS.055	Customer Services	Registrars	Duplicate Marriage, CP, Birth, Short Birth or Death Certificate	Registration of Births, Deaths, Marriages and Civil Partnership (Fees) Regulations 2016	11.00	10.0%	1.00
CUS.061	Customer Services	Registrars	Express Certificate Fee	Registration of Births, Deaths, Marriages and Civil Partnership (Fees) Regulations 2016	35.00	94.4%	17.00

## APPENDIX C – RESERVES BALANCES

Earmarked reserves are one-off balances set aside for investment towards agreed priorities. A key element in handling the Council's earmarked reserves is that the principles of the Camden Plan are incorporated: namely, confidence that the Council is spending and investing resources on the delivery of outcomes and eradicating unnecessary bureaucracy and waste. Each reserve has a framework providing assurance that there are clear owners, managers, timescales, deliverables and outcomes. Table 1 below sets out the forecast reserve position over the next 4 years.

Based on current projections the Council's earmarked reserves are forecast to reduce over the next 2 years to £59.5m, a £24.5m reduction, rising slightly thereafter to £67m by the end of 22/23. The main reasons for this movement are the utilisation of one-off funding to enable the delivery of MTFS savings initiatives, and the planned revenue funding of the capital programme. Proposals to fund the next 5 year capital strategy will be subject to approval by Cabinet in February. There is also a greater call on the Dedicated Schools Grant and further drawdown to support the organisation's Accommodation Strategy. Officers have used a prudent forecast to show the worst-case scenario and where external funding is available this would always be utilised first before a call on Council resources.

Whilst General Balances and Housing Revenue Account reserve balances remains relatively stable, £13.9m and £32.2m at the end of the period, there is currently a forecast drawdown of £5m to support school activities in 2019/20.

Table 1 – Forecast Reserve Balances

Earmarked Reserves	Actual Reserves 31/03/2019	Forecast Reserves 31/03/2020	Forecast Reserves 31/03/2021	Forecast Reserves 31/03/2022	Forecast Reserves 31/03/2023
<b>Reserves to support key revenue budget outcomes</b>					
Dedicated Schools Grant	4,579	2,479	1,979	1,479	1,479
Multi Year Budget Reserve	24,452	20,689	21,471	23,135	25,135
Education Commission (CPEE)	948	0	0	0	0
People Specific Reserves	2,570	2,184	477	0	0
<b>Sub Total</b>	<b>32,549</b>	<b>25,352</b>	<b>23,927</b>	<b>24,614</b>	<b>26,614</b>
<b>Reserves to support the Council's service remodelling programme</b>					
Cost of Change	10,748	5,944	2,741	1,500	1,500
Camden Plan	2,967	1,560	1,540	1,520	1,500
<b>Sub Total</b>	<b>13,715</b>	<b>7,504</b>	<b>4,281</b>	<b>3,020</b>	<b>3,000</b>
<b>Reserves to support on-going capital activity and asset management</b>					
Future Capital Schemes	19,745	16,972	14,128	14,128	14,128
Commercial and other property	776	776	0	0	0
Haverstock PFI Funding Reserve	1,499	1,369	1,239	1,109	979
Schools PFI Equalisation Reserve	2,018	2,236	2,403	2,570	2,737
Building Schools for the Future	464	249	159	49	49
Accommodation Strategy	3,545	1,167	583	0	0
<b>Sub Total</b>	<b>28,047</b>	<b>22,769</b>	<b>18,512</b>	<b>17,856</b>	<b>17,893</b>

## APPENDIX C

Earmarked Reserves	Actual Reserves 31/03/2019	Forecast Reserves 31/03/2020	Forecast Reserves 31/03/2021	Forecast Reserves 31/03/2022	Forecast Reserves 31/03/2023
<b>Reserves to mitigate future corporate risk</b>					
Self-Insurance Reserve	4,500	4,500	4,500	4,500	4,500
Business Rates Safety Net	5,241	4,964	8,287	11,610	14,933
<b>Sub Total</b>	<b>9,741</b>	<b>9,464</b>	<b>12,787</b>	<b>16,110</b>	<b>19,433</b>
<b>Reserves to support Charitable Activity</b>					
Mayor's Charity Reserve	22	22	22	22	22
<b>Total Earmarked Reserves</b>	<b>84,074</b>	<b>65,111</b>	<b>59,529</b>	<b>61,622</b>	<b>66,962</b>
General Balances	13,983	13,983	13,983	13,983	13,983
Housing Revenue Account	33,365	32,265	32,265	32,265	32,265
Schools Balances	15,963	10,963	10,963	10,963	10,963
<b>Total Reserves</b>	<b>147,385</b>	<b>122,322</b>	<b>116,740</b>	<b>118,833</b>	<b>124,173</b>

Table 2 below sets out the in-year movement across earmarked and other reserves. The net movement to the group supporting key revenue outcomes is due primarily to a £2.1m forecast drawdown from the Dedicated Schools Grant reserve, and a £5.1m call across the Multi Year Budget reserve and Supporting People specific reserves.

The forecast movement to the group supporting the Council's Remodelling Programme relates to the investment needed to support the MTFs programme. The On-going Capital Activity and Asset Management group is also showing a reduction in reserve levels in 2019/20 as funding is utilised to further support the organisation's accommodation strategy and provide funding to the capital programme.

**Table 2 – Forecast Movement in Reserves**

Earmarked Reserves	Actual Reserves 31/03/19 £m	Forecast Out of Reserves £m	Forecast Into Reserves £m	Forecast Reserves 31/03/20 £m	2019/20 Net Movement £m
To Support Key Revenue Outcomes	32.549	-13.302	6.105	<b>25.352</b>	-7.197
To Support the Council's Remodelling Programme	13.715	-8.162	1.951	7.504	-6.211
On-going Capital Activity and Asset Management	28.047	-13.031	7.753	22.769	-5.278
Mitigation of Future Corporate Risk	9.741	-3.600	3.323	9.464	-0.277
Charitable Activity	0.022	0.000	0.000	0.022	0.000
<b>Total Earmarked Reserves</b>	<b>84.074</b>	<b>-38.095</b>	<b>19.132</b>	<b>65.111</b>	<b>-18.963</b>

## APPENDIX C

General Reserves	Actual Reserves 31/03/19	Forecast Out of Reserves	Forecast Into Reserves	Forecast Reserves 31/03/20	2019/20 Net Movement
	£m	£m	£m	£m	£m
General Balances	13.983	0.000	0.000	13.983	0.000
Housing Revenue Account	33.365	-1.100	0.000	32.265	-1.100
Schools Balances	15.963	-5.000	0.000	10.963	-5.000
<b>Total Reserves</b>	<b>63.311</b>	<b>-6.100</b>	<b>0.000</b>	<b>57.211</b>	<b>-6.100</b>