

**CABINET**  
**15 DECEMBER 2016****2017-18 BUDGET AND COUNCIL TAX**

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**Relevant Cabinet Member**

Mr S E Geraghty

**Relevant Officer**

Chief Financial Officer

**Recommendation**

1. **The Leader of the Council (and Cabinet Member with Responsibility for Finance) recommends that Cabinet:**
  - (a) **approves for consultation the draft budget set out at Appendix 3, which includes proposed changes for income generation and expenditure budgets that are currently being consulted upon arising from the FutureFit programme set out in Appendix 5, a number of which have already been subject to detailed Cabinet and Scrutiny reports;**
  - (b) **endorses the plan to address a forecast savings requirement of £2.9 million as a result of updating the Medium Term Financial Plan (MTFP) taking account of Central Government's Autumn Statement to be presented for approval within the February 2017 Cabinet and Full Council reports;**
  - (c) **endorses an investment of £1 million in the Road Maintenance budget, £6 million over two years for Pavement Improvements, £5 million for Cutting Congestion and a £2 million extension to the existing Town Centre Improvements programme following residents feedback on the importance of improving roads, pavements and tackling congestion in support of the Council's Open for Business priority;**
  - (d) **notes that whilst the full detail of the provisional Local Government Finance Settlement is expected to be released in late December 2016 which will include the multi-year financial settlement deal agreed with Central Government, that the County Council is still likely to be awaiting confirmation of around £90 million of specific grant income and any significant updates will be presented at the February 2017 Cabinet meeting;**
  - (e) **endorses the view that the County Council will continue to address financial challenges in future years; and**
  - (f) **agrees that it is minded to recommend to Full Council in February 2017 an increase in Council Tax Precept by 2.94% in relation to two parts:**
    - **0.94% to provide financial support for the delivery of outcomes in line with the Corporate Plan Shaping Worcestershire's Future and the priorities identified by the public and business community**

- **2% Adult Social Care Precept ring-fenced for Adult Social Care services in order to contribute to existing cost pressures in 2016/17 due to Worcestershire's ageing population.**

2. This report seeks Cabinet approval to consult on the draft budget for next financial year 2017/18. It brings together a number of related financial matters; the results of the County Council's strategic financial planning, the detailed budget preparation work taking account of the latest inflation and demographic pressures, the estimated overall funding position from Central Government and finally, the overall impact of the MTFP. These estimates will continue to be kept under review pending the preparation of the Final Budget Report to Cabinet in February 2017. This may include taking into account further Central Government announcements as well as service flexibilities and pressures. As such these estimates may change within the consultation period with any changes being reported within the February 2017 Final Budget Report.

3. The County Council's ambition to become more self-sufficient and rely less on the receipt of grant funding from Central Government continues to be reflected in the MTFP and through these budget proposals. Looking forward the County Council will have an opportunity to have much more influence and control over its funding as the ability to keep within Worcestershire a greater share of the income from business rates to support services for local residents, service users and businesses becomes a reality through the implementation of Central Government's Business Rates Retention reforms. A strong and successful economy producing the income, through Council Tax and Business Rates, will enable the County Council to sustain the services and investments that Worcestershire residents want to see.

4. Through consultation responses and working with Central Government, the County Council is seeking new responsibilities to drive and support economic prosperity across Worcestershire. This is reflected in the new plan for the County - *Shaping Worcestershire's Future (2017-2022)* which sets out a direction of travel for the County Council that builds on the successes achieved and progress made in embedding an excellent commissioning-based authority approach.

5. The County Council has retained the four key priorities of *Open for Business, Children and Families, Health and Well-Being* and *The Environment* and will continue with its existing programme that puts residents' priorities at the heart of the decisions that it makes.

6. The County Council delivers high quality services to its residents and service users whilst having an excellent track record in transforming services within a background of reduced funding from Central Government as well as significant increases in demand for County Council services. The County Council is a Council that achieves:

- Worcestershire has one of the fastest growing economies in the country
- Nine out of ten schools in Worcestershire are rated as good or outstanding by Ofsted
- Worcestershire schools are in the top third nationally for pupils receiving A-C grades
- GCSE results are above national figures and those of our statistical neighbours with 70% of pupils achieving 5 or more good GCSE's

- More money is being invested in highways and improvement projects in Worcestershire now than at any time in the last three decades.
  - Almost £6 out of every £10 spent by the County Council is spent on social care for the county's older population, our children and for those who are most vulnerable in our society
  - There has been a reduction in 16-24 year olds who are claiming job seekers allowance 1.1% down from 3.4% in 2013/14
  - 16,000 new Apprenticeships created between 2012 and 2015
  - Over 10,000 Dementia Friends have been trained across the county to raise awareness and help create dementia friendly communities
  - 308 additional Extra Care units created with partners to enable people to live independently for longer
  - Delivered a range of enabling technologies to improve how we work and interact with residents making it easier to consume services when residents want it rather than when we can provide it.
7. Each year we spend more than £1 million every single day to deliver outcomes for our residents, services users and businesses across the county area from our net revenue budget, specific grants and other income.
8. In February 2016 the County Council anticipated the financial challenge in 2017/18 to be the biggest one year financial change it has ever faced at £34 million.
9. The County Council has worked hard over this year to establish a plan to bring the forecast financial planning gap down to £2.9 million at this stage.
10. The County Council will receive a one off transition grant of £5 million to enable plans for generating income, better utilising assets to be realised and delivering reform over the medium term, and the work alongside District Councils to optimise income is estimated to bring in £2 million.
11. Existing reform plans of £13 million are already in place and this 2017/18 provisional budget anticipates £6.8 million of new plans.
12. The County Council welcomes all comments on these proposals.

### **Engagement and Communication**

13. The County Council continually undertakes a strategic financial planning process and an update of this work was included in the 'FutureFit – Proposals for Change and Reform to Support the Medium Term Financial Plan' report presented to Cabinet in November 2016.
14. Information will be sent to elected members and partners such as the District Councils, Voluntary Sector, Police, Fire and Healthcare providers over November 2016 to January 2017 and this will provide for an opportunity to review in detail the proposals and ask questions about specific proposals and the impact of them. Information was also provided through the members' portal and ongoing delivery picked up through individual Cabinet Member with Responsibility briefings.
15. The normal budget consultation period takes place over the December and January months to coincide with the provisional Local Government Finance Settlement announcements by Central Government. In order to provide increased transparency and to encourage earlier feedback the County Council published a

number of proposals one month earlier in November 2016. A media briefing was held on 11 November 2016 to ensure residents were informed. Additionally webcasts were provided for employees and members and this year's public roadshows took place during the summer of 2016 to feed into the corporate strategic planning process.

16. The 2016 Worcestershire Viewpoint Survey, commissioned by the County Council, together with public sector partners from across the county, received over 2,500 responses. When asked, people said that health services, low crime rates and good education were all important to make Worcestershire a good place to be. More than seven out of ten people said that they also felt that they belonged to their local area.

17. More than half of residents who responded to the survey in Worcestershire (52%) say that they are satisfied with the County Council. Satisfaction levels are nine percentage points higher than they were when the survey was first launched in 2009. More people believe that the County Council is providing value for money in 2016 (42%) compared with the 31% back in 2009.

18. In light of the funding pressures on local government, more than 1,000 respondents from a series of roadshows held across Worcestershire were asked which County Council services they feel should be protected. Highways came out on top, with more than half of those strongly agreeing that the County Council should continue to invest in the county's roads and footpaths. The results also tell us that protecting vulnerable children and adults are amongst our residents' top priorities. We will continue to shape our decisions around those areas that residents tell us are most important to them and those they say most need improving.

19. The County Council is also listening to its staff through interactive briefing sessions, including a live webcast, which have been taking place throughout November and December 2016. These corporate briefings happen approximately every six months in addition to Directorate briefings and give employees the opportunity to learn about key developments taking place across the County Council as well as having the opportunity to ask questions of the Chief Executive and the Leader of the Council.

## **Budget Consultation**

20. To build on the wider engagement a number of consultation sessions are being held in December 2016 and will be run in January 2017 for parish and town councils, voluntary and community organisations, businesses, school governors, head teachers, partners and staff associations. We are also talking to more than 1,200 businesses across Worcestershire and responses to this and all other consultation activity will be incorporated into the February 2017 Cabinet budget report.

21. This work is in the context of the three priorities identified by the public:

- Safeguarding vulnerable young people, particularly those in or leaving care to ensure they are safe and can make the most of the opportunities they have
- Protecting vulnerable older people, particularly those with physical, learning and mental health difficulties, and
- Maintenance of the highway.

## Priority Investments

22. The County Council and its partners have enabled significant investment to be made in a number of infrastructure schemes which are either well progressed or have now opened. These include Kidderminster Hoobrook Link Road, Bromsgrove Railway Station Relocation, Worcester Six development, investment in Malvern Hills Science Park and major infrastructure improvement on the Worcester Southern Link Road.

23. The County Council is also progressing the new Worcestershire Parkway Regional Interchange railway station which remains a vital part of delivering the Strategic Economic Plan for the County area.

24. The County Council's Open for Business investments in road and rail infrastructure, and support for business parks are clearly showing signs of contributing to economic growth across the county.

25. The latest statistics released by the Office of National Statistics have shown that the County's productivity between 2009 and 2014 grew on average by 3.1% in terms of GVA per hour worked, second of all 39 LEP areas. The economy has also grown on average by 4.5% over the same period putting Worcestershire amongst the fastest growing economies in the country. Worcestershire has a vibrant mix of home-grown and international companies that have created a diverse and fertile business environment where ideas and innovations flourish. The proposed budget aims to sustain the pace of economic growth and contains a number of initiatives to support the County Council's Corporate Plan Priorities.

26. The County Council is proposing a £1 million (10%) permanent increase to the Road Maintenance budget to support the Corporate Plan's aims of upper quartile performance and a number of other large scale infrastructure investments including £6 million for improving pavements over the next two years and £5 million to reducing congestion through improvements to local pinch points and installing smarter traffic signalling equipment to reduce journey times. Additionally, a £2 million extension to the existing Town Centre improvements programme is proposed to create more vibrant social spaces improving the heart of the local economic centres.

27. The County Council will also continue to focus on securing funding for improvements to the A38 corridor in Bromsgrove and the dualling of the Worcester Southern Link Road including Carrington Bridge. Planning and other preparation work will continue to be progressed to build a strong case to Central Government to support these vital infrastructure projects.

28. Central Government's Autumn Statement announcement on 23 November 2016 broadly confirms the funding assumptions that were already included in the MTFP approved in February 2016.

29. One of the most significant financial challenges comes from increasing demand for County Council services. Whilst this has for many years revolved around an ageing population, more recently the County Council has invested £11 million over the last three years to support the demand pressures of services for Children Looked After to ensure that a sustainable budget can be maintained. The County Council continues to anticipate future demand for services and prepare appropriate strategies for mitigating demand and focussing resources on those with the highest need.

30. It remains vitally important for the County Council to work with communities; partners and suppliers to manage increasing demand and ensure services are

provided in the most effective and cost efficient way. Around £3.5 billion is spent across the Worcestershire area on public services, with the County Council managing around £0.9 billion of gross revenue and capital expenditure each year whilst maintaining its commitment to work with key partners in areas such as health and social care, education, driving economic development growth alongside the Worcestershire Local Enterprise Partnership, working with District Council partners on aligned policies and plans and work in support of the Police and Crime Commissioner to ensure that public money is used to most benefit for residents, businesses and services users. Additionally the County Council is able to deliver key infrastructure improvements such as roads, pavements, measures to reduce road congestion and to enable superfast broadband connectivity.

31. Consistently residents tell us that their top priorities are maintaining the highway, safeguarding younger people and protecting vulnerable adults. These have been considered in the budget proposals and whilst the County Council appreciates the sensitivity within which any increase in Council Tax is viewed, these services are facing significant demand and financial pressures over and above existing cash budgets and it is proposed that additional funding raised through an increase in Council Tax will be used to support these priorities.

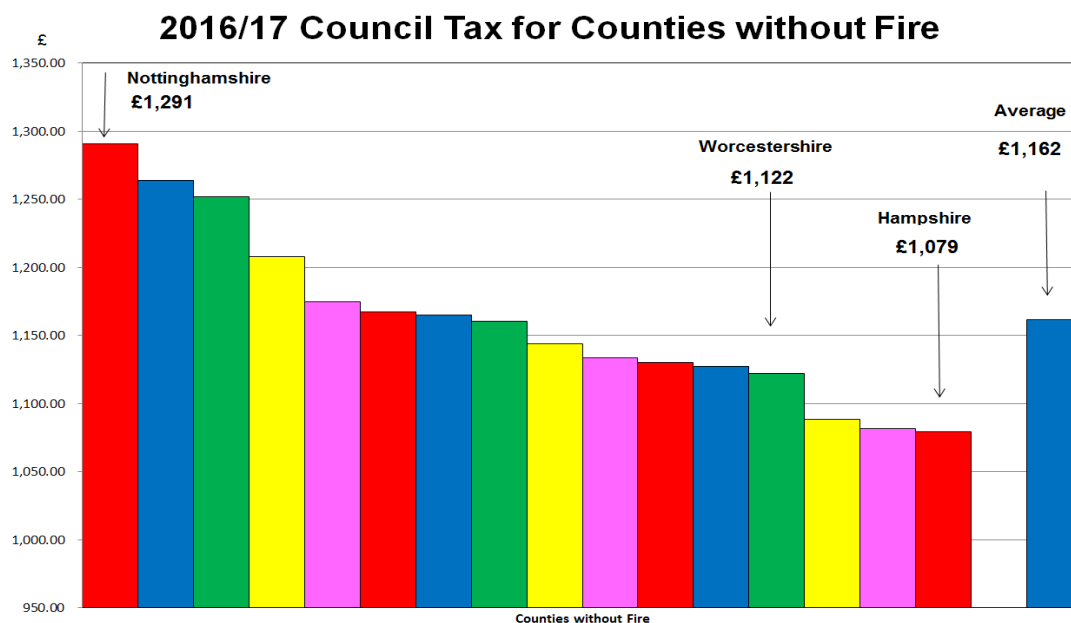
32. The County Council continues to take positive action to mitigate cost pressures and demand for services in order to reduce the need to raise income from Council Tax. Taking all services into account, setting demographic and other demand pressures for County Council services against the ability to achieve reforms that reflect service user's and residents' needs, there remains a need to increase the Council Tax Precept by 0.94% for 2017/18, an increase below the prevailing Retail Prices Index.

33. Careful consideration has been given to Central Government's expectation that the County Council will make use of Central Government's flexibility to allow increases of 2% in Council Tax to specifically support Adult Social Care. This flexibility forms, together with an Improved Better Care Fund that will not be received by the County Council in any substantial way until 2018/19, the most significant part of Central Government's funding solution to a Local Government Association estimated £3.5 billion funding gap in Adult Social Care. The proposed Adult Social Care precept will raise approximately £4 million and will be used to support, in part, the forecast £8 million that will need to be provided to Adult Social Care services to cover current cost pressures.

34. The County Council continues to lobby Central Government on fully recognising and funding significant pressures in Adult Social Care as demand for services increases. Taking all this into account it is therefore proposed that the 2% increase will be applied for 2017/18 and be specifically ring-fenced to support existing and anticipated increases in the numbers of people receiving services, and the additional costs arising as people are living longer with more complex needs.

35. In considering the overall increase in Council Tax, it is important to recognise that the County Council anticipates that it will continue to have one of the lowest tax bills for comparable local authorities. The 2016/17 position is shown in Figure 1 below:

Figure 1: 2016/17 Band D Council Tax – Shire Counties without Fire Authority responsibilities



36. As previously reported to Cabinet in November 2016, the County Council has accepted a multi-year financial settlement deal from Central Government and a confirmation letter has now been received which is included at Appendix 1.

37. The deal secures the receipt of Revenue Support Grant of £19.9 million in 2017/18 and £9.4 million in 2018/19. We have planned for this reducing profile of income within the MTFP approved in February 2016.

38. Notwithstanding this, the County Council will still need to ensure that it can carry on delivering services within an expected tight financial settlement. Looking forward the County Council will be more self-sufficient as reliance on Central Government for funding will reduce. This will provide a greater opportunity to control funding and therefore support the ability to pay for vital services but there will be significant challenges along the way. Taking this into account, the requirement for reforms whilst broadly remains on average £25 million per year, rises to £34 million in 2017/18 and £31 million 2018/19.

39. For 2017/18, £13 million of reforms have previously been approved, and a further £8.8 million (£2 million of this is optimising income) were presented as part of the November 2016 'FutureFit Proposals for Change and Reform' Cabinet report. There remains a £2.9 million planning gap which the County Council is working to resolve and the budget consultation through the work of scrutiny and partner briefings would seek views on how this gap could be closed as well as feedback on the budget proposals.

40. Around £1.2 million of previously approved reform requirements have been reassessed and will not be delivered in 2017/18. These comprise £0.6 million Home to School Transport and £0.1m street lighting which will both be deferred to at least

2018/19, and £0.5 million for Libraries and The Hive which will no longer be delivered.

41. From the current financial year 2017/18 to the end of 2020/21 the County Council has identified reforms of £22.6 million. The Council intends to develop plans and address potential budget gaps to the end of 2018/19 during 2017 and will consider the reforms required in 2019/20 and 2020/21 following consideration of the budget proposals by Full Council in February 2017.

42. The draft budget includes significant plans for revenue and capital investment including the strengthening of adult social care, children's safeguarding, highways and waste disposal budgets.

43. The County Council commenced budget consultation and engagement on reform proposals as part of the November 2016 'FutureFit – Proposals For Change And Reform To Support The Medium Term Financial Plan' Cabinet report and has included presentations to the Members Budget Scrutiny Task group and scrutiny panels, as well as other consultation events. This draft budget forms part of that consultation and the results of all consultation and engagement work will be presented to the February Cabinet and Full Council meetings in February 2017.

44. As the County Council has agreed a four year financial settlement with Central Government for Revenue Support Grant, it is not expected that the provisional Local Government Finance Settlement announcement will contain any significant changes to what is already included in this draft budget. There are, however, around £90 million of specific grant income where the amounts are still to be confirmed which includes significant grants such as Education Services Grant and Better Care Fund as well as significant highways infrastructure allocations from the third round of the Local Growth Fund process. The County Council is asking Central Government to bring forward the allocation of the improved Better Care Fund allocations to next financial year. A verbal update will be provided to Cabinet and a briefing provided for scrutiny panels should this change.

### **A budget that supports the delivery of the new Corporate Plan, Shaping Worcestershire's Future**

45. The draft budget for 2017/18 provides for a number of initiatives that support the delivery of the County Council's Corporate Plan priorities which set out the aspirations for the Worcestershire area within the context of the funding available. Set out below is a clear commitment to support investment in key areas of service whilst maintaining a focus on the transformation of the County Council to deliver and improve the services that residents have said they value and support.

- **Open for Business**

The MTFP includes new allocations of £5 million to support Cutting Congestion and £2 million for town centre improvements, as well as the costs of prudential borrowing to fund new capital expenditure to drive the County Council's Open for Business priority consistent with the Strategic Economic Plan and supporting the implementation of Worcestershire's £54 million Local Growth Fund Deal with Central Government with a further allocation anticipated as part of the third round of the Local Growth Fund announcement made in the Autumn Statement 2016. The County Council is providing financial support to enable the on-site development of the Worcester Six Business Park development. These investments will continue



to drive and facilitate others to increase the economic prosperity of businesses and residents in Worcestershire.

- Children and Families

The budget for Children's Social Care has been maintained in accordance with the successful recovery plan to enable the service to have a sustainable budget. Financial monitoring during the current financial year 2016/17 confirms this plan is on track.

With regard to Children's Safeguarding, it is proposed that the budget will be strengthened by £0.7 million. At its meeting on 17 November 2016 Cabinet discussed and approved recommendations from Derek Benson, the Independent Chairman of the Local Safeguarding Children's Board. Mr Benson advised that the Board could not be assured of the effectiveness and robustness of the child protection system. He noted that the approach being taken by the Council was right and there were improvements in some areas but that this had not been at the pace expected. He noted that there was more to do in relation to reducing staff turnover, improving the ratio of experienced to newly qualified staff and embedding the positive progress seen since the summer in establishing the Family Front Door. The Leader confirmed his commitment to support the progress and in order to increase the pace of positive change has recommended as part of the budget setting process to allocate an additional £0.7 million per annum. It is proposed this will be allocated to support additional capacity at the front door, increase management support for social workers and focus on achieving appropriate caseloads for staff.

- Health & Well-being

The net budget for Adult Social Care has been strengthened by £2 million in response to the demographic growth and increasing complexity of supporting vulnerable older people and adults with disabilities. This is in addition to the 2% adult social care Council Tax Precept that Central Government has anticipated in their assessment of the County Council's Spending Power. The County Council continues to work with Health colleagues to develop their NHS five year Sustainability and Transformation Plan (STP) covering Herefordshire and Worcestershire for NHS services, Public Health, Social Care and other local government services. The aim of the NHS plan is to ensure local services become sustainable as our population grows and people live longer with long-term health conditions. A first draft is available online and for public comments at [www.yourconversationhw.nhs.uk](http://www.yourconversationhw.nhs.uk).

- The Environment

The County Council's net budget has been strengthened by £3 million to support the provision of the Energy from Waste Facility and £0.4 million to support an increase in the amount of waste disposed of by households and an increased number of households. Each additional tonne of waste costs the County Council approximately £100 to dispose of and therefore it is vital that the County Council works together with residents to reduce or recycle waste where this can be done. Additionally the road maintenance budget has been strengthened by £1 million each year and a £6 million programme of capital investment over a two year period for improving pavements is proposed.

## Outcomes delivered

46. The County Council has demonstrated through its FutureFit programme to date a good track record of delivering better outcomes within a reduced level of budget. The work so far has led to many creative new approaches.

47. The County Council's continued investment, through its Open for Business priority and supported by the Strategic Economic Plan, will help to create thousands of new jobs and deliver a number of additional benefits to Worcestershire, including so far:

- 16,000 new Apprenticeship starts between 2012 and 2015
- The economic “game changer” programme including development of key sites in the county:
  - Worcester Growth Corridor
  - Malvern Hills Science Park
  - South Kidderminster Enterprise Park
  - Redditch Eastern Gateway
- Significant investment in broadband network, more than doubling business access to fibre broadband (from 43% to over 90%)
- Highways improvements and infrastructure enabling works at Worcester Six Business Park, which will provide up to 70 hectares of employment land
- Redevelopment of Bromsgrove Railway Station
- Southern Link Road (A4440) improvements – Phases 1 and 2 delivered and Phase 3 underway
- Hoobrook Link Road built in Kidderminster
- Expansion of Malvern Hills Science Park Phase 5 and beyond.

## **Introduction to the draft budget for consultation and how the indicative financial planning gap for 2017/18 has changed**

48. This report represents the first stage in the formal process to determine the County Council's budget and precept level for 2017/18. If approved, this report will form the basis of consultation which will take place during the next few weeks, returning to Cabinet on 2 February 2017 and leading to Full Council decision on 9 February 2017.

49. The process to review and amend the MTFP for 2017/18 is complete and for future years will be refined for the February 2017 budget report taking account of the Autumn Statement 2016 announcement, the provisional Local Government Finance Settlement and any further allocations from the Local Growth Fund, together with any emerging feedback from consultation.

50. Set out in the table below is a summary of how the February 2016 forecast financial planning gap of £34.1 million has been reduced to £2.9 million within this draft budget presented to Cabinet.

**Table 1: 2017/18 Forecast Financial Planning Gap Update**

<b>£m</b>	
<b>34.1</b>	<b>Forecast financial planning gap for 2017/18 as at February 2016</b>
1.2	Current high risk reform plans that have been reassessed
-5.0	Government Transitional Support (one-off)
-2.0	Potential Growth in income savings from joint work with District Councils
-5.6	Potential reduction in growth and contingencies
-13.0	Existing Future Fit Programme previously approved through Cabinet / Council
<b>9.7</b>	<b>Financial planning gap where new plans need to be established</b>
-6.8	Potential new reform plans proposals
<b>2.9</b>	<b>Remaining forecast financial planning gap for 2017/18</b>

51. This report includes headline interpretations of Central Government's Spending Review from November 2015 and the more recent Autumn Statement in November 2016. The draft budget presented is dependent upon the publication of the provisional local government financial settlement which is expected in late December 2016.

52. The approach to preparing the budget is in accordance with the Budget and Policy Framework Rules and reflects the County Council's Corporate Plan Shaping Worcestershire's Future and the MTFP.

53. In addition to the items included in the 'FutureFit – Proposals for Change and Reform to Support the Medium Term Financial Plan' November 2016 Cabinet report, a further £1 million is proposed from the review of workforce initiatives, including reviewing external agency budgets and the assumptions on vacancy rates as they fall across Directorates. The proposed reduction in budgets has been included in a new proposal referred to as The Way We Work.

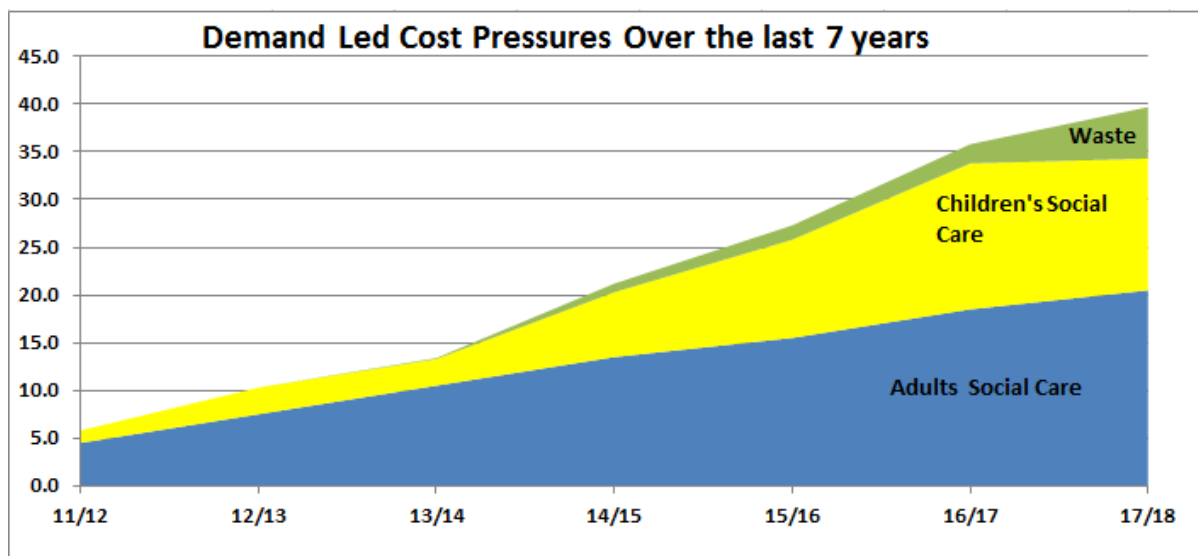
54. Developing our workforce and ensuring it as efficient, effective and agile as possible continues to be a key focus for the authority and therefore a robust approach to development of a medium/long-term workforce strategy has been put in place which is shaping how we acquire, develop and retain an effective and dynamic workforce fit for 2020 and beyond.

### **The County Council's need to influence increasing demand in social care**

55. Whilst the County Council is keen to set a budget that supports real growth pressures, there is continued work to ensure that the increases in demand that are being experienced for County Council services are understood and, where they can be, managed. The overall financial planning gap arises from a combination of a reduction in Central Government funding, demand for services and increases in

inflation. The proportion that relates to demand for services is reflected in Figure 2 below.

Figure 2: The effect of social care and waste disposal demand on County Council budgets £m



56. Included within this draft budget is investment of £8 million to support adult social care which includes cost pressures resulting from forecast demand increases in adult social care for 2017/18. The County Council has planned in the past for the impact of demographic changes in Worcestershire's population and the resulting increase for Adult Social Care services. The most significant addition over recent years however, has related to the budget for Children Looked After. The County Council takes great care to ensure that it safeguards the most vulnerable in Worcestershire and the investment in services over recent years coupled with focussed activity has worked to secure a sustainable budget for the future.

57. The chart above also shows the effect of increases in both the amount of waste disposed by households, and the impact from increases in the people living in Worcestershire. Additionally it includes for 2017/18 a £3 million investment in the new Energy from Waste facility at Hartlebury in anticipation of the plant being successfully commissioned in early 2017

**The County Council's starting position: reserves and balances**

58. A summary of the County Council's reserves is attached at Appendix 2. This represents money that is available to be spent on service delivery and totals £122 million.

59. This includes £13 million held as General Balances and less than £5 million for service based risk. The balance is held either on behalf of other organisations or specifically set aside to cover known expenditure commitments and comprises £28.0 million for schools/Dedicated Schools Grant balances, £15.7 million PFI reserves, £15.0 million grant income where we have carried forward funding in advance of planned cash expenditure, which we will have to return to Central Government if it is not spent, and £45 million held for other specific future commitments such as:

- £6.1 million Insurance Reserves
- £3.7 million Public Health

- £3.2 million Growing Places
- £2.4 million Health and Social Care Pooled Budgets
- £1.6 million New Homes Bonus, and
- £1.3 million Schools' Self Insurance.

60. Whilst the 2016/17 budget approved in February 2016 assumed no change in the level of General Balances, the County Council has since agreed to withdraw £1 million to support the costs of rebuilding Eastham Bridge, Tenbury. General Balances are therefore planned to be reduced from £13 million to £12 million.

61. The strength of the County Council's financial health is often expressed as the amount of retained General Balances in proportion to the budget. The County Council's risk assessed minimum level for financial planning purposes is a benchmark minimum of £10 million.

62. It is important to note that, in accordance with the County Council's strategy for treasury management, cash from all the reserves is currently used to pay for capital investment since borrowing costs are in the region of 3% and surplus cash which is invested earn only around 0.4%. It is estimated that the County Council will save around £2.5 million in 2016/17 by following this strategy. Any use of the balances will mean that the cash spent will subsequently need to be replaced by borrowing from the money market as and when required.

#### **The County Council's starting position: considering the national context**

63. Since agreeing the MTFP in February 2016, inflationary pressures have increased slightly. Nationally it is anticipated that CPI inflation will remain below the 2% target in the near term before rising back to the target. The interest on the County Council's debt remains fairly constant due to the long-term nature of our borrowings. The average rate for interest on debt is just under 4%.

64. Income receipts from the County Council's short-term investments are significantly influenced by the interest rates set by the Bank of England. This base interest rate has fallen from 0.5% to 0.25%, an historic low. At this time an increase is looking unlikely until 2019, and thereafter only a gradual rise is expected.

#### **The County Council's starting position: financial performance in 2016/17**

65. After seven months of the 2016/17 financial year, the forecast outturn indicates a net cost pressure of £0.3 million against authorised cash limits or 0.1% of the overall budget. Whilst at this stage it is anticipated that this variance is reduced through to the end of the financial year so that the County Council delivers services within its cash limited budget, there are several cost pressures that continue to emerge around primarily demand-led services that are being actively managed. The most significant financial pressures are £1.3 million Adult Social Care Residential and Nursing Placements. There are currently further anticipated cost pressures of around £0.7 million with regard to Children's Special Education Needs and Disability transport costs where demand for services is greater than anticipated. This will be further reviewed ahead of the February 2017 Cabinet Report.

66. These cost pressures are partially offset by gains on the financing transactions budget as the County Council continues to defer the need to increase its borrowing from external resources given continued strong cash balances and prevailing low interest rates, and by making use of other financial resources including the use of one-off reserves.

67. Funding of £0.2 million has been set aside within the 2016/17 outturn forecast to support additional expenditure in response to the recommendations of the Local Safeguarding Children's Board report in November 2016 to include additional staffing capacity.

68. There are a number of other smaller areas of cost pressure across the County Council's budgets which are being closely managed and it is anticipated that forecast costs will be kept within the budget by the end of the financial year.

### Income review: funding streams

69. The County Council's net revenue budget is funded primarily by Council Tax, Business Rates and Revenue Support Grant (RSG).

70. The following table below illustrates how the proportion of funding is likely to change looking forward; taking account of the County Council's four year financial settlement deal:

Table 2: County Council funding of the Net Revenue Budget

	2017/18 Estimate		2020/21 Estimate	
Council Tax	£237.0m	75%	£266.2m	81%
Business Rates	£59.9m	19%	£63.6m	19%
RSG	£19.9m	6%	£0.0m	0%
Total	£316.8m	100%	£329.8m	100%

71. The above table excludes NHS specific grant funding for social care. The table above includes Central Government removing RSG by 2019/20. RSG is estimated to reduce over this period and is consistent with the 4 Year Deal.

72. The headline message from the Autumn Statement in November 2016 is that in overall terms, local government funding will fall at least in accordance with previous estimates. Central Government will continue to implement Business Rate Retention reforms which is consistent with the County Council's aspirations for self-sufficiency however the Autumn Statement did not suggest any increased funding for adult social care or provide details regarding Education Services Grant or New Homes Bonus grant funding both of which we are awaiting consultation outcomes to be published which will confirm changes in funding. There are a number of important points that need much further consideration for the medium term:

- We are still awaiting precise details of how the extension from 50% to 100% local retention of business rates will affect the County Council and how needs are identified and funded
- There is an opportunity to have greater control over the issues that affect Worcestershire as a number of new responsibilities will transfer to local government. The financial and other consequences still need to be established and new burden funding made adequately available
- clarification on Central Government's assumptions for Council Tax and business rate income increases over this period, and
- the local impact for Worcestershire, compared with other parts of local government.

73. Excluding these funding changes, Business Rates are expected to rise in accordance with the increase in the Small Business Non-Domestic Rating Multiplier each year and whilst there is growth in business rates income expected across the county area this is, to a large extent, offset by potential successful appeals of valuations set by Central Government's Valuation Office Agency.

74. The County Council, together with District Council partners continue to lobby Central Government with regard to the impact of successful business rates appeals, especially where Central Government received the reward of business rate income.

75. Although Central Government capped the increase in Business Rates for 2015/16 at 2% and provided funding to local government through a specific grant for the difference between the cap and the income that would otherwise have been received, at this stage there is no information about this specific grant from 2017/18.

76. Income from Council Tax will gradually fund a greater proportion of the County Council's budget in the future excluding any further transfers in business rates income. The increase is influenced by growth in domestic property, local decision making concerning any percentage increase in Council Tax from year to year, and the annually decided percentage by which Central Government state would trigger a local referendum to agree the increase.

#### **Income: the financial impact of the provisional Local Government Finance Settlement on County Council funding**

77. The provisional Local Government Finance Settlement for 2017/18 will be announced in late December 2016. A verbal update will be provided at the Cabinet meeting on 15 December 2016. Otherwise any further impact will be communicated within the final budget paper in February 2017.

78. At this stage the MTFP reflects the headline assumptions arising out of the last Spending Review in 2015 and includes the four year financial settlement deal agreed with Central Government.

79. Taking all this into account, the illustrative allocation for 2017/18 already included in the MTFP is £79.8 million, a 15% reduction from 2016/17.

#### **Income: Business Rates Retention Scheme**

80. Approximately £60 million of the County Council's funding for 2017/18 will be received from Business Rates.

81. Central Government are to implement a revaluation review. The change in individual valuations is expected to be offset by a change in the Central Government set multiplier and therefore at a national level this is designed to be cost neutral. There may be a risk or opportunity depending on how the impact across Worcestershire compares with the rest of the country and this will be analysed when more detail is known.

82. The County Council continues through the Hereford and Worcester Treasurers Association to refine forecasts for locally generated business rates. Future growth in income will be reset at 2020 as Central Government will review levels of income relative to other local authorities at this time and adjust baselines.

83. Central Government has been consulting on the proposed move to 100% local retention of business rates and the County Council's responses were included in the October 2016 Cabinet report. It is expected that any transfer in income will be largely offset by a transfer in new responsibilities as the levels of specific grant funding will fall to compensate.

## Income: District Council's Council Tax Support Schemes

84. The County Council welcomed and responded positively to the recent proposals for Wyre Forest District Council to review further the discretionary elements of their Council Tax Support Scheme and has offered to support the transition through increased support for their Hardship Fund. The County Council has established a model with all Districts to support their Hardship Funds and is working to support target improvements in the collection rate and anti-fraud initiatives.

## Income: specific grants

85. The County Council receives income from a range of specific grants from a number of different spending departments of Central Government. For 2016/17 this was estimated at £93.8 million. National spending limits and policy dictate the level of specific grants that the County Council receives to fund Central Government initiatives. The most significant grants are Public Health and Better Care Fund and the County Council continues to lobby Central Government to confirm these and all specific grant amounts as soon as possible.

86. Details of how this specific grant funding continues will be confirmed in time for their inclusion in the February 2017 Budget Report. In the future it is anticipated that a number of specific grants will be rolled into the system for business rates retention. The current specific grants for 2016/17 are provided in Appendix 9 to provide context.

## Revenue expenditure: the net expenditure budget for 2017/18

87. The net expenditure budget for 2017/18 has been prepared on the basis of reviewing all existing policies prevailing in 2016/17 and making additional provision for demographic, income and price changes.

88. The net expenditure budgets are set out at Appendix 3 and summarised in the following table. This sets out a provisional budget requirement of £319.7 million for 2017/18 against which the County Council estimated income through RSG, Business Rates Retention Scheme and Council Tax to be £316.8 million.

89. A variation analysis by Directorate is set out in Appendices 3 and 4.

Table 3: Summarised budget setting exercise

Area	£m	£m
<u>Initial Gross Budget Requirement</u>		
2016/17 Budget*	416.3	
- 2016/17 Specific Grants	-93.8	322.5
<u>Add Proposed Inflation</u>		
Pay and pensions	2.1	
Other Non-Pay inflation Increases	3.1	5.2
<u>Add Proposed Growth:</u>		
Children's Social Care Placements	-1.5	
Adult Social Care	2.0	
Children's Safeguarding	0.7	
Investment in Road Maintenance	1.0	



Area	£m	£m
Headroom for Strategic Initiatives	0.8	
Capital Financing (includes £1 million to fund the borrowing costs of Improving Pavements, Cutting Congestion and Town Centre improvements)	1.5	
Education Services Grant	1.8	
Waste Disposal	6.7	
Children's SEND Transport	0.7	
Other base budget revisions	3.8	17.5
Less Existing FutureFit Programme Reforms		-13.0
Add Potential High Risk plans that cannot be achieved		1.2
Less New Proposed Reforms		-6.8
Withdrawal from Earmarked Reserves		-1.9
Transition Grant Funding		-5.0
2017/18 provisional budget requirement		319.7
Revenue Support Grant		19.9
Business Rates Retention Scheme		
Top Up Grant	41.9	
Local Share	<u>18.0</u>	59.9
Council Tax		237.0
2017/18 Provisional Funding		316.8
<b>Emerging forecast financial planning gap for 2017/18</b>		<b>2.9</b>

\* The 2016/17 budget includes specific grants and Better Care Fund but excludes Dedicated Schools Grant

90. Table 3 shows that the indicative funding gap for 2017/18 is £2.9 million.

91. The County Council has invested £12.5 million over the last three year into strengthening the budget for Children Looked After placements. The intention has always been to recognise that some of this investment was time limited as system reforms reduced the ongoing cost of placements over the medium term whilst improving outcomes. Therefore, the planned reduction of £1.5 million for Children's Social Care Placements in 2017/18 confirms the removal of the element of investment that was time limited and ensure a net investment of £11 million over this time to arrive at a sustainable budget for Children Looked After Placements.

92. Included in this budget are a series of proposals to strengthen the base budget. The most significant areas are explained below:

- £8.0 million – Adult Social Care  
This represents an increase in the Adult Social Care budget to support inflationary costs and demographic growth and the increasing complexity of supporting vulnerable older people and adults with disabilities. The gross increase before taking account of service reforms is £8 million.
- £0.7 million – Children's Safeguarding  
A proposed increase to support the recommendations of the Local Safeguarding Children's Board from the Cabinet report 17 November 2016 (paragraph 45 above)
- £1.0 million – Investment in Road Maintenance  
A 10% increase in the road maintenance budget to support the Corporate Plan aims of upper quartile performance
- £0.8 million – Strategic Initiatives  
Headroom for Strategic Initiatives to be confirmed at the February 2017 Cabinet meeting
- £1.0 million – Capital Financing - Improving Pavements, Cutting Congestion and Town Centre Improvements  
A £1 million increase to the capital financing budget to fund the borrowing costs associated with a £6 million Improving Pavements programme, a £5 million Cutting Congestion investment and a £2 million extension of the existing programme for town centre improvements
- £0.5 million – Capital Financing  
A planned £0.5 million increase to support the borrowing costs to finance the approved Capital Programme
- £1.8 million – Education Services Grant  
An increase in base budget that is needed to be funded locally to take account of the reduction in grant funding for general statutory duties relating to maintained schools. As most of these services involve fixed costs expenditure cannot be reduced in the majority of these areas. We are awaiting further details from Central Government with regard to this grant but our planning assumption is that this funding will reduce significantly
- £6.7 million Waste Disposal - EfW  
A £6 million planned increase in the base budget to support the Energy from Waste facility that has been previously approved by Full Council. This cost can be offset by a £3 million saving (included in the Existing FutureFit reforms total of £13 million shown in the table above) arising from the loan transactions and there is therefore a net budget increase of £3 million. A £0.4 million increase in the costs of waste disposal as more waste is disposed of per household and an increase in the number of houses in Worcestershire and £0.3 million to support service cost increases
- £0.7 million Children's Special Education Needs and Disability (SEND) Transport Costs  
The County Council is experiencing additional demand in pupils requiring SEND transport which has been exacerbated by the impact of the national

changes relating to SEND Reforms, meaning that local authorities are required to fund eligible transport relevant to those young people with SEND who can now stay in education until age 25 and the increase in demand for assessments for Education Health and Care Plans (EHCPs) with the requests for Statutory Needs Assessment up by over 250% since 2012/13

- £3.8 million Other base budget revisions

A planned assessment of the potential impact of the National Living Wage and Apprenticeship Levy as well as risk on general services.

### **Addressing the indicative financial planning gap**

93. Following the December 2016 Cabinet, the impact of the provisional Local Government Finance Settlement will be worked into the draft budget and presented at the February 2017 Cabinet meeting.

94. Any significant updates will be included in that report but in the meantime work will be undertaken and consideration given alongside the outcomes of consultation to close the indicative financial planning gap through the following means:

- An assessment of growth in Band D Equivalent properties leading to buoyancy in the Council Tax Base and the use of any surplus or deficit arising on District Councils' collection funds in excess of planning assumptions
- An assessment of any updates regarding business rates income in excess of planning assumptions
- A review of any inflation awards that remain at the discretion of the County Council
- An assessment on whether further reforms can be found, and
- Consideration of whether funding from the release of Earmarked Reserves no longer required (one year only) or General Balances (one year only) can be provided.

95. The intention is that the forecast financial planning gap will be closed in time for the February 2017 budget approval by Cabinet and Full Council taking full account of consultation responses and any updates regarding the above.

### **Dedicated Schools Grant and Schools grant funding**

96. The Department for Education (DfE) has announced that no local authority will see a reduction from their 2016/17 funding (adjusted to reflect local authorities' most recent spending patterns) on the schools block of the dedicated schools grant (DSG). The Guaranteed Unit of Funding (GUF) for 2017/18 has been confirmed as part of the Secretary of State announcement on 21 July 2016. The way that DSG is allocated to Local Authorities and the existing local funding model will remain for a further year. It is expected that this will be replaced by a National Fair Funding Formula in 2018/19.

97. In 2017/18, all large public or private sector employers defined as those with an annual wage bill exceeding £3 million will be subject to Central Government's apprenticeship levy. It is anticipated that all maintained schools will be subject to the levy because their wage bill forms part of the wider County Council wage bill. Academies with wage bills above the threshold will also be subject to the levy.

Schools subject to the levy will need to budget for this additional cost through their delegated budget.

98. In addition to DSG, Pupil Premium grants will continue for another year and are expected to be protected at the current rates as shown in the table below:

Table 4: Pupil Premium Rates 2017/18

£	2017/18
Early Years	300
Primary	1,320
Secondary	935
Children Looked After (including associated funding for adopted children)	1,900
Funding for children of armed forces service personnel	300

99. Free childcare entitlement will increase from 15 hours to 30 hours to be taken over a 38 week year for eligible working families with three and four year olds from September 2017. This is expected to be worth up to £5,000 per child. Central Government has also committed to a review of the cost of childcare provision and investment to enable an increase in the average hourly rate childcare providers receive from 2017/18.

100. The County Council awaits further grant based announcements for the DSG, ESG and other funding streams. The County Council has raised concerns on the DfE proposal for their saving to the general duties ESG but it is anticipated this will proceed and as such provides a significant risk to County Council services provided on behalf of maintained schools. The County Council ensure a full update on all funding for schools is provided in the February 2017 budget report to Cabinet and Full Council.

### **Better Care Fund**

101. The publication of the Better Care Fund (BCF) planning guidance is due early December 2016 and is likely to confirm that a two year plan must be submitted, to align with NHS operational planning and contracting. Scheme evaluation forms have been distributed to commissioners in order to inform decisions around 2017/18 budgets. The forecast increase in BCF is estimated to be approximately 2% (£0.6m) on the 2017/18 revenue allocation. Looking forward the County Council would anticipate receiving at least half of any increases for investment in vital services to support the Health and Social Care economy.

### **Public Health**

102. The Public Health grant is required to fund mandated functions: sexual health services, Health Checks, the National Childhood Measurement Programme, Healthy Child Programme, health protection and the NHS "Core Offer" of population healthcare support, and to deliver the statutory duty of population health improvement with regard to narrowing health inequalities. It also funds a range of non-mandated services including drugs and alcohol services, school nursing and falls prevention.

103. The grant for 2016/17 is £30.7 million. The estimated grant for 2017/18 is estimated to be £29.9 million and is likely to be reduced further in future years. The grant has already been used innovatively to improve outcomes across all areas of County Council services.

104. Further reform targets are proposed of £1 million in 2017/18 and £0.5 million in 2018/19 and work is being undertaken to identify areas of County Council base budget expenditure where public health impact could be maximised through use of the Grant.

### **Independent Living Fund**

105. The funding and administration of the Independent Living Fund (ILF) was transferred from the Department of Work and Pensions (DWP) to the County Council in 2015/16. The ILF makes cash payments to disabled people enabling them to purchase care and support services.

106. The County Council received £3.1 million in grant in 2016/17 but there is expected to be an attrition rate applied of approximately 5% in 2017/18 with an estimated grant settlement of £2.9 million. The reduction in funding will need to be managed within the overall 2017/18 Adult Services budget.

### **Worcestershire Councillors' Divisional Fund Scheme**

107. The Councillors' Divisional Fund Scheme is currently funded for the 2017/18 financial year. It is proposed that the scheme is once again extended for a further year to 2018/19 with funding to be confirmed in the February 2017 Cabinet report.

### **Capital Programme: Key achievements and approvals in 2016/17**

108. In recent years the County Council has spent on average around £80 million on capital annually excluding the Energy from Waste financing scheme. The majority of this programme has been funded by grants from Central Government with borrowing, capital receipts and revenue contributions to capital making up the difference.

109. The major areas of capital expenditure relate to Schools, the Local Transport Plan and other Economy and Infrastructure Directorate activities. A full analysis of previous capital expenditure by Directorate is set out in Appendix 6.

110. There have been updates approved by Full Council during the 2016/17 financial year, and these are included in the latest Capital Programme shown in Appendix 7. Significant schemes approvals include:

- Pothole Action Fund
- Highways Maintenance Schemes including the Driving Home programme to improve roads close to where people live
- School Improvements
- Energy Efficiency Spend to Save
- Children's Services Post 16 Supported Living Accommodation
- Eastham Bridge Tenbury permanent replacement.

### **Capital Programme: Future funding overview**

111. The financing of the Capital Programme has been reviewed at a strategic level including the forecast receipt of Central Government grants, capital receipts and directorate contributions from revenue budgets.

112. As part of rolling forward the MTFP to 2020/21, additional capital expenditure headroom has been provided for the medium term and a process is underway to consider any allocations of part of the headroom for 2017/18. An update will be presented to Cabinet in the form of a revised Capital Programme in the February 2017 Cabinet Report.

### **Capital: Investing our New Homes Bonus**

113. Details of the reforms to the New Homes Bonus are expected to be announced as part of the provisional Local Government Finance Settlement later in December 2016. It is expected to include a review of the share of funding between County and District Councils from the current 20/80 ratio which may deliver an opportunity for the County Council. However, this would need to be set against proposals to reduce the length of bonus payments from 6 to 4 years.

114. The County Council has prudently considered this income as a bonus to be used to support growth in housing development and therefore not included it in the recurrent budget.

115. To date, the County Council has used this funding to support investments in:-

- strategic flood alleviation schemes
- strategic planning and improvements in the public realm
- infrastructure improvements such as Whittington Roundabout, Worcester
- £2 million allocation towards the highways Driving Home Programme.

116. Further allocations, which will be subject to confirmation of the future income to be received, may be prioritised to support the A38 Corridor in Bromsgrove and Worcester Southern Link and Carrington Bridge dualling. An update will be provided at the February 2017 Cabinet meeting.

### **The Impact on the MTFP**

117. The MTFP approved at the February 2016 Full Council meeting has been updated and extended to include the current and next four financial years. The main increases in pressure relate to social care demographic and cost increase and waste disposal with refinements to inflation forecasts.

118. The funding environment for the County Council has led to the need to make preparations for a continuation of the financial challenge over the medium term. This has included confirming the existing reform plans which in many cases have already been considered through the Cabinet and Scrutiny process. Plans have also been developed to cater for additional financial pressures and these are now being refined in light of confirmation within the provisional Local Government Finance Settlement of reductions in funding levels.

119. The MTFP is provisionally set out in the following table with more detail provided within Appendix 8.

Table 5: Indicative MTFP

£m	2017/18	2018/19	2019/20	2020/21
Total Funding Available	316.8	318.1	321.1	329.8
Service costs based on provisional 2017/18 budget	-345.2	-348.9	-342.7	-351.8
<b>Sub-Total</b>	<b>-28.4</b>	<b>-30.8</b>	<b>-21.6</b>	<b>-22.0</b>
Withdrawal from Earmarked Reserves	6.9	0.0	0.0	0.0
Reform plans developed	18.6	12.3	2.5	0.6
<b>Remaining gap from shortfall in funding</b>	<b>2.9</b>	<b>18.5</b>	<b>19.1</b>	<b>21.4</b>

120. It is important to consider that total funding available is still forecast to rise despite Central Government funding reductions although this needs to be treated with considerable caution as there is only limited information about the impact of extending local business rates retention from 50% to 100%. The current indications suggest a continued need for spending reductions at least to the level of reductions the County Council is currently dealing with. Particular known areas of uncertainty include:

- The extent of demand for service as a result of the future implementation of the Care Act 2014, and
- How the move for increased local retention of business rates income compares with any transfers of new responsibilities and changes to specific grant funding.

121. Areas of uncertainty and risk will be kept under review as more detail becomes available.

122. As would be expected, the forecast financial planning gap of £2.9 million for 2017/18 forms a relatively small part of this overall gap as plans are significantly advanced and represents less than 1% of the provisional budget for next financial year.

### **Budget calculation – statutory duties**

123. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer as Section 151 officer to report to the County Council when it is setting the budget and the precept. The report must deal with the robustness of the estimates included in the budget and the adequacy of reserves.

124. The budget currently provides for the financial implications of the County Council's policies to the extent that these are known or can be reasonably assessed. However, there are a number of risks which are beyond the County Council's control and for which it is not possible to be precise:

- The County Council's demand-led services
- Inflation and interest rate volatility, and

- Unforeseen emergencies, for example flooding.

125. It is for this reason that an adequate level of reserves must be maintained.

126. Members will also recall our obligations as a Best Value authority to make arrangements to secure continuous improvement in the way in which our functions are exercised, having regard to a combination of economy, efficiency and effectiveness, including consultation with tax payers and users as appropriate.

127. These obligations are addressed in our medium term financial planning and brought together as part of the annual budget process in this report and the February 2017 Cabinet budget report. This is supplemented by additional cabinet reports throughout the year with regard to the approval of significant investments and reforms.

### **Scrutiny**

128. Scrutiny of the 2017/18 budget proposals is being undertaken by the Budget Scrutiny Task Group which is meeting with key senior officers, the Chief Executive and Leader of the Council to complement the work already being undertaken by individual scrutiny panels. The conclusion of this work together with the individual views of the scrutiny panels will inform the Overview and Scrutiny Performance Board which will be meeting on 26 January 2017 to consider what comments it wishes to make to Cabinet as part of the budget consultation.

### **Fulfilling the Public Sector Equality Duty requirements**

129. The County Council will continue to have due regard to proactively addressing the three elements of the Public Sector Equality Duty in all relevant areas – in particular the planning and delivery of our services. The County Council will continue to assess the equality impact of all relevant transformational change programmes and will ensure that Full Council has sufficient equalities assessment information to enable it to have due regard to the three elements of the Equality Duty when considering the budget for 2017/18. The County Council will continue to ensure best practice is followed with regard to these requirements.

### **Guidance on excessive Council Tax increases and Localism Act**

130. The Localism Act gives local communities the power to approve or veto excessive rises in Council Tax. The Secretary of State will determine a limit for Council Tax increase as part of the annual Local Government Finance Settlement that has to be approved by the House of Commons. If an authority wishes to set a Council Tax above this level then a binding referendum must be held. For 2016/17 this limit was 2%, and the County Council is anticipating this be rolled forward for 2017/18.

131. In addition to this, Central Government announced as part of the Spending Review 2015 the ability for local authorities with adult social care responsibilities to raise a 2% Adult Social Care precept, ring fenced to support adult social care costs to help address longer term financial pressures for these services.

### **Health Impact Assessment**

132. A Health Impact Assessment screening has been undertaken with regard to this report and recommendations for new spending decisions to understand the potential impact they can have on Public Health outcomes across the county area.



133. This report concerns consulting on the provisional budget for 2017/18 and associated updates to the Medium Term Financial Plan in advance of approval by Full Council in February 2017. Any specific public health considerations will be included in that report and where appropriate be subject to separate and further detailed consultation.

134. Taking this into account, it has been concluded that there are no specific health impacts as a result of new decisions arising from this Cabinet report.

## **Supporting Information**

Appendix 1 – Multi-Year Financial Settlement acceptance letter from Central Government

Appendix 2 – Review of Earmarked Reserves and General Balances

Appendix 3 – Revenue Budget Summary 2017/18

Appendix 4 – Analysis of Variations 2016/17 to 2017/18

Appendix 5 – FutureFit programme list of existing and new proposed projects

Appendix 6 – Capital Expenditure previous years

Appendix 7 – Capital Programme 2016/17 to 2019/20 onwards

Appendix 8 – Provisional Medium Term Financial Plan

Appendix 9 – 2016/17 Estimated Specific Grants

## **Contact Points**

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## **Background Papers**

In the opinion of the proper officer (in this case the Chief Financial Officer) the following are the background papers relating to the subject matter of this report:

Agenda and background papers for the meeting of the Cabinet held on 17 November 2016

Budget Health Screening document