

## Central Bedfordshire Council

EXECUTIVE

9 February 2016

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### Budget 2016/17 and Medium Term Financial Plan

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**This report relates to a non-Key Decision**

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#### Purpose of this report

1. The report proposes the Budget for 2016/17 and updates the Medium Term Financial Plan (MTFP) approved by Council in February 2015.

#### RECOMMENDATIONS

The Executive is asked to:

1. note the response to consultation with Overview & Scrutiny as set out in Appendix K and the response to consultation with the public and stakeholders as set out in Appendix A;
2. recommend to Council the Revenue Budget for 2016/17 and the Medium Term Financial Plan for 2016/17 to 2019/20;
3. note the Council Tax Base as set out in Appendix G;
4. recommend to Council, in line with Government guidance, the following increases in council tax (CBC element) for residents of Central Bedfordshire:
  - a) a Band D increase of £25.51, representing a 1.95% increase on the charge for 2015/16; and
  - b) a Band D increase of £26.17, representing a 2.0% increase on the charge for 2015/16, reflecting a precept of this amount to help fund adult social care costs

In total the Band D increase will be £51.68, representing a 3.95% increase on the charge for 2015/16. The CBC element of Band D council tax for 2016/17 will therefore be £1,360.01.

5. **note that certain efficiency proposals identified in Appendix I will be subject to formal consultation and Equality Impact Assessment in the coming months and instruct the Corporate Management Team to propose alternative compensatory savings if it appears, following a review of the outcome of the consultation and Equality Impact Assessment, that any specific proposal cannot be delivered.**

## **Overview and Scrutiny Comments/Recommendations**

2. Overview and Scrutiny Committees considered the budget proposals in their January/February 2016 cycle of meetings. Comments are included in Appendix K.

## **Issues**

3. The Medium Term Financial Plan (MTFP) is intended to set out a sustainable and affordable financial plan that addresses the Council's priorities over the next four years. It should provide for realistic levels of spending, not overly dependent upon the use of one-off reserves. It should provide for a prudent level of reserves for contingencies.
4. The Budget for 2016/17 sets out the Council's finances and identifies the efficiencies required to produce a balanced budget in the light of the ongoing reduction in funding from Government and other pressures. £15.3M of efficiencies are identified for 2016/17. A further £30M of efficiencies have been identified as being required over the subsequent three years to achieve the proposed MTFP.
5. The Capital Programme is included elsewhere on the Agenda. However, the revenue implications of the Capital Programme are reflected in the proposals contained in this report.
6. A separate report in respect of the Housing Revenue Account (Landlord Services Business Plan) is also presented to this Executive.

## **Reasons for decision**

7. To enable Council to approve the Budget 2016/17 and Medium Term Financial Plan 2016/17 – 2019/20.

## **Council Priorities**

8. The Council approved the Medium Term Financial Plan (MTFP) for 2015/16 to 2018/19 in February 2015. The MTFP has been updated and extended to 2019/20 and an initial Budget for 2016/17 prepared, reflecting further changes in funding, including the impact of the Local Government Financial Settlement announced in December 2015 and new cost pressures and offsetting efficiencies.

9. The Council's priorities are:

- Enhancing Central Bedfordshire.
- Great resident services.
- Improving education and skills.
- Protecting the vulnerable; improving wellbeing.
- Creating stronger communities.
- A more efficient and responsive Council.

These priorities are reflected in the budget proposals included in this report.

### **Corporate Implications**

#### **Legal Implications**

10. The Local Government Finance Act 1992 stipulates that the Council must set an amount of council tax payable for the financial year 2016/17 by 11 March 2016. Before calculating the level of council tax payable, the Council must consult representatives of non-domestic ratepayers in its area.
11. The Council's Constitution requires the Executive to publish a timetable for making proposals to the Council in respect of the Budget. The timetable was set out in the Budget Framework report to Executive on the 4th August 2015.
12. There are statutory requirements in relation to consultation with employees and employee representatives. Where there are issues arising from budget proposals which require such consultation, the Council complies with these requirements.

#### **Risk**

13. Covered in paragraph 134.

#### **Financial Implications**

14. The financial implications of the Budget 2016/17 and Medium Term Financial Plan 2016/17 to 2019/20 are set out in the report.

## **Equalities Implications**

15. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
16. Public authorities must demonstrate that they are making financial decisions in a fair, transparent and accountable way, considering the needs and the rights of different members of their community. This is achieved through assessing the impact that changes could have on different protected groups
17. All the efficiency proposals have been screened to assess their potential relevance to equality.
18. A number of efficiency proposals will be subject to formal consultation and Equality Impact Assessment in the coming months and the Corporate Management Team will propose alternative compensatory savings if it appears, following a review of the outcome of the consultation and Equality Impact Assessment, that any specific proposal cannot be delivered.
19. Three efficiency proposals are likely to have a more immediate effect. Equality Impact Assessments have been developed for each proposal and are provided as an appendix (Appendices M to O) to this report in order that the equality implications can be fully considered as part of the decision making process.

## **Corporate Strategy**

20. Over the past six years, the Council has generated savings of more than £90M in order to avoid increases in council tax whilst protecting front line services. It has achieved this by adopting a whole Council approach to robust budget management, efficiency and ensuring that the Directorate and Service priorities are clearly identified and resourced.
21. The future priorities and resourcing strategies for each Directorate are outlined below:

## **Children's Services**

22. The Service is committed to achieve better outcomes for all Central Bedfordshire children through ensuring their care and protection and supporting school performance.

23. Demand for children's social care services is increasing and in order to meet this with the financial restrictions the Council faces, the Directorate is:

- Working with partners to develop multi agency services, including safeguarding arrangements and locality hubs.
- Focusing on early intervention to avoid children having to enter the care system.
- Increasing the number of children who are cared for locally and by foster carers engaged by the Council directly rather than via expensive agencies.

### **Regeneration & Business Support**

24. The Service aims to make Central Bedfordshire a place of national and international significance where people choose to live, work and visit, and a location where companies choose to invest.
25. In order to achieve these goals it will:

- Use its influence to sustain business growth, create jobs and increase asset values.
- Reinvigorate towns and localities to attract investment and jobs and improve the lives of residents.
- Focus on prioritised programmes, which will be rigorously managed.
- Provide a 'one stop' response to businesses.

### **Social Care, Health & Housing (SCHH)**

26. The Directorate approach is to move investment from institutional to personal solutions. Modernisation continues across Adult Social Care and Housing Services, to prevent crisis, keep people safe and offer an improved customer experience, enabling people to live independently for longer.
27. The Directorate is responding to demographic pressures, constrained housing supply, increasing demand (including complexity of need e.g. dementia) and major legislative and other change programmes such as the Better Care Fund (April 2015) and the Care Act 2014 (phase one April 2015) and other welfare reform changes.

28. In addressing these pressures and ambitions, the Directorate will:
- First and foremost – protect vulnerable people, keep them safe and respond to crisis' including homelessness, abuse and neglect.
  - Assist residents (including carers) who require care and support, irrespective of their financial means.
  - Deliver the right accommodation in the right places, to enable people to live independently.
  - Increase its focus on prevention, information and advice (including residents having the opportunity to self serve).
  - Continue the journey towards the integration of health and social care, so that residents can access as much of the help and support they may need as possible, closer to where they live, and reducing the need for people to resort to hospitals.

### **Community Services**

29. The Service aims to deliver excellent universal services which are fundamental to the Council's vision of making Central Bedfordshire a great place to live and work.
30. As demand for these services increases and resources remain constrained, Community Services will:
- Drive efficiencies from procurement and supplier engagement.
  - Invest in services in order to reduce running costs and increase usage and income (e.g. Leisure).
  - Strengthen its commercialisation, particularly promoting the experience and skills of staff.
  - Bringing some services in house to enhance efficiency, such as part of the new Highways service which will lead to further efficiencies in 2016/17.
  - Increase the revenue income we are able to achieve primarily from property and land assets.

## **Finance**

31. The service will continue to provide financial support and budgetary advice to the Council, with increasing focus on financial modelling and planning of the major changes the Council is introducing. The service will also continue to focus on the efficient collection of council tax, business rates (NNDR), management of the Local Council Tax Support scheme and Housing Benefit.

Specifically, the Service will:

- Continue to review financial processes and procedures to ensure that they are fit for purpose and add value to the governance of the Council's financial position.
- Provide financial and commercial advice to Directorates to assist them in delivering their efficiency plans.
- Further develop Risk Based Verification processes and e-claim benefit application forms to improve efficiency and customer experience.
- Continue to manage its Treasury Management Strategy so that the potential benefits of securing shorter term borrowing from other local authorities can be realised, whilst ensuring that exposure to interest rate movements will be closely monitored.

## **Improvement & Corporate Services**

32. Improvement and Corporate Services provide specialist support to the whole of the Council through its range of expertise, insight and technology. The service also directly responds to residents' contacts via phone, web, mail and face to face, with over 1 million customer transactions a year.

In addressing the resource challenges for the coming period, the Service will:

- Look to share legal services with other local authorities, reducing cost.
- Extend the range of services that can be accessed by customers online.
- Ensure that employees of the Council are able to 'work smarter' by working in a flexible, mobile and paperlite way.

## **Public Health**

33. The Public Health service supports residents to make the right lifestyle choices for their health by either directly commissioning services, influencing & advising on commissioning decisions of partners or through directly providing services. It is evidence based in its approach. It understands population needs and closely monitors its health to improve outcomes.

To deliver its goals the Service will:

- Increase cross-directorate working to increase productivity.
- Work closely with the Bedfordshire Clinical Commissioning Group to identify and meet the needs of the population and improve consistency.
- Continue to embed prevention and early intervention.
- Commission and monitor services for effectiveness and efficiency.

## **Background to the Budget Setting Process**

34. In February 2015 the Council approved the 2015/16 Budget and Medium Term Financial Plan to 2018/19.
35. The Budget process for 2016/17 built on that adopted in prior years with a series of “Budget Strategy Reviews” at an early stage. Given the ever increasing pressures on local authority finances, this year a greater emphasis was placed on planning for the whole 4 year period of the MTFP. For this year this was mainly conducted at Assistant Director (AD) level. This process was refined following input from Senior Management across the Council and key stakeholders. Assistant Directors were requested to present their budget in detail covering the full four years of the MTFP.
36. As per last year, the Capital Programme was also included in the Budget Strategy Review process, the two (i.e. revenue and capital plans) being run concurrently. There was an increased focus on what drives costs, and the degree to which these can be controlled, together with a rigorous approach to reviewing pressures & efficiencies. Focus was on the major challenges and opportunities facing the Council over the four years to 2019/20.



## **Budget Context**

### **Political**

#### **Emergency Budget July 2015**

37. The MTFP has been updated against a background of significant challenges. In July 2015, the Government announced an Emergency Budget which included a number of issues impacting on Council finances.
38. The Emergency Budget announced £37bn of further spending cuts by 2020, including £12bn of welfare cuts, £5bn from reducing tax avoidance and a £20bn reduction in departmental budgets. Given the protection announced for the NHS, Overseas Aid and parts of Education funding, and setting Defence spend at 2% of Gross Domestic Product this meant deeper cuts for local authorities than originally planned.
39. The Emergency Budget also advised that a significant number of new responsibilities would transfer from government departments to local authorities. Detail of what this means in practice is still unclear.
40. The Chancellor also advised that councils will retain 100% of business rates receipts at a national level and a number of grants related to business rates would be phased out. The business rate levy on growth would also be abolished. The details of this are not yet clear and changes to the current system are not expected until c.2020 and will be subject to consultation. Some redistributive elements of the business rates system are likely to remain and this is apparent from the early analysis of the Local Government Finance Settlement.
41. The Chancellor also announced that:
  - Public sector pay will rise by 1% per annum.
  - A National Living Wage will be introduced from April 2016 setting a national minimum of £7.20 per hour for people aged 25 years and over, rising to £9.00 per hour by 2020.
  - Rents in the social housing sector will reduce by 1% a year for four years which has been factored into the updated Housing Revenue Account (HRA) plan but of itself represents a significant change in policy.
  - An in year (2015/16) reduction of 6.2% (£746K for CBC) to the Public Health Grant.
  - Increases in the costs of Insurance Premium Tax.

42. Some of the measures that were announced will impact on residents of CBC. Examples include:
- 18 to 21year olds will not be entitled to claim housing benefit automatically, with a new "earn to learn" obligation.
  - The annual household benefit cap will be reduced to £23,000 in London and to £20,000 in the rest of Britain.
43. In addition to this, Central Bedfordshire, like all local authorities, is still dealing with the effects of national changes to the welfare system introduced in 2014/15.

### **Spending Review & Autumn Statement (25 November 2015)**

44. Spending Review 2015 is central to the Government's commitment to control spending, eliminate the deficit and start to run a surplus by 2019/20. The review set out how the Government will deliver the savings required overall to achieve this.
45. To achieve the surplus in 2019/20, the Government will implement around £37bn of consolidation measures. The Emergency Budget made significant progress towards this aim, setting out £17bn of measures to reduce the deficit, including £12bn by 2019/20 from welfare reform and £5bn by 2019/20 from tackling tax avoidance and tax planning, evasion and non-compliance.
46. In November 2015, the Government announced the impact of the review on local authority spending (for current responsibilities) at a national level. Detail at individual local authority level was issued in late December 2015.
47. The Spending Review also announced:
- An opportunity to use capital receipts for some revenue purposes subject to certain rules.
  - An apprenticeship levy will be set at 0.5% of an employers' pay bill for companies with payrolls over £3M. This is estimated to cost CBC £450K, commencing in 2017/18.

### **Financial Settlement (17 December 2015)**

48. The Financial Settlement announced on the 17<sup>th</sup> December 2015 and subsequently amended on the 23<sup>rd</sup> December 2015 was very significantly worse for Central Bedfordshire than had been anticipated both in absolute and comparative terms.

49. Whilst the removal of Revenue Support Grant (RSG) had been signalled previously, it had been indicated that there would be compensatory increases in retained business rates (NNDR).
50. In a major change of policy direction, Government has now applied a Comparative Spending Power methodology to determine which authorities could, replace lost RSG with local council tax increases.
51. It is clear from guidance issued by DCLG that Government has made the assumption in its financial modelling that upper tier councils will raise council tax by both a 2% precept earmarked for adult social care and an assumed 1.75% for inflation in each of the next four years.
52. As a result of this methodology, RSG for Central Bedfordshire has been removed entirely over the life of the MTFP which includes all of the Council Tax Freeze Grants previously earned and also the Care Act funding.
53. This funding cut comes on top of the significant efficiencies identified in the Draft Budget/updated MTFP presented to the Executive in January 2016 as being necessary to address the financial pressures we had been anticipating.
54. The Financial Settlement contained the following key issues for Central Bedfordshire:

#### Revenue Support Grant/NNDR Retention

- RSG phased out by 2019/20. It had been assumed this would be broadly neutral over the length of the Parliament as councils as a whole would retain 100% of NNDR income.
- It is likely that any income the Council receives from the NNDR retention scheme will be at least matched by a transfer of additional responsibilities such as funding administration of Housing Benefit for pensioners, funding Public Health from retained NNDR and so losing the Public Health Grant. Confirmation of the specific transfer of additional responsibilities is still awaited.

#### New Homes Bonus

- The cash value of New Homes Bonus (NHB) has been significantly reduced by £800M nationally from 2018/19 in order to fund the Better Care Fund.
- This has had the impact of reducing the CBC's earned NHB by £6.4M in 2018/19 and £7.1M in 2019/20.

- NHB will also be reviewed and is subject to a consultation which is looking at proposals such as:
  - Restricting it to 4 years or less (currently 6 years).
  - Linking payment to the existence of an adopted Local Plan.
  - Setting housing growth percentage thresholds below which NHB will not be earned.
  - No NHB payment if planning approval is granted on appeal
- See paragraph 97 for more detail.

#### Social Care Precept

- The introduction of an option to raise a 2% Council Tax Precept to help fund adult social care. This is not one off and would be 2% compounded each year. This is entirely separate from a general increase in Council Tax, where the referendum cap is still 2%.

#### Public Health Grant

- A reduction in the current Public Health Grant nationally has been announced as 2.2% 2016/17, 2.5% 2017/18, 2.6% 2018/19 and 2019/20. Again, it is not yet clear exactly how this will impact on CBC, so these figures are indicative only.

#### Four Year Funding Offer

- Government has announced that a four year settlement will be available to those authorities that wish to take up this offer and can demonstrate robust efficiency plans.
- Further details are not yet known, but this is likely to be restricted to the RSG element only as NNDR and NHB are subject to further consultations.

### **Cities and Local Government Devolution Bill**

55. The Cities and Local Government Devolution Bill is a public bill introduced to Parliament by the Government. The bill takes the form of enabling legislation and requires negotiations between the UK Government and local authorities (or groups of local authorities), over what are known as devolution deals, to bring any transfer of budgets and/or powers into effect. The negotiation of such deals initially took place during 2014/15, and by September 2015 a total of 38 towns, cities, counties and regions had submitted devolution proposals to the Government (including four bids from Scotland and Wales).

56. Central Bedfordshire is currently reviewing its options in the context of this emerging legislation.

## **Social**

57. There are significant social and economic drivers of change within Central Bedfordshire across the medium term and beyond, particularly:
- Central Bedfordshire's population has increased at a faster rate than nationally at 8.9% since the last census and a 12.4% increase is forecast by 2021.
  - Population growth will be highest in the 90+ age group, 74% growth by 2021. Significant growth is also anticipated in the 85+ age group of 53% and 65+ age group of 35%.
  - Continuing increased numbers and complexity of demand associated with Looked After Children, with additional focus partly as a result of several high profile child protection cases nationally in the last few years.
  - Schools moving to Academy status and out of local authority control.
  - The Introduction of phase 1 of the Care Act and Better Care Fund. (See paragraphs 101 to 107).
  - Additionally, technological change is having a profound impact on the delivery and public access to services; this is reflected in use of the internet and social media.

## **Budget Objectives**

58. The principal objectives of the 2016/17 Budget have been:
- To produce a sustainable plan which allows Council priorities to be delivered.
  - Realistic spending year on year not overly dependent on reserves.
  - Reserves maintained at, or above, an agreed minimum prudent level which reflects the risks faced by the Council.
  - Cuts to front line services to be avoided; and commitment to efficiency as a means of delivering savings.

- A previous objective of zero council tax increases in CBC's share of the charge over the MTFP period, has now been superseded by the Government's use of the Comparative Spending Power methodology which assumes that councils will increase council tax in order to replace lost RSG.

## **Economic Outlook**

### **Inflation**

59. The November 2015 Quarterly Inflation Report issued by the Bank of England advised that in September, twelve-month CPI inflation stood at -0.1%, slightly over 2 percentage points below the inflation target.
60. Around 80% of the deviation from the target reflects falls in energy, food and other imported goods prices, with the remainder reflecting subdued domestic cost growth. The combined weakness in domestic costs and imported goods prices is evident in subdued measures of core inflation, which are currently around 1%.
61. The Governor of the Bank of England also advised that inflation over the next few months could remain at current levels and that he did not expect inflation to reach the targeted rate of 2% for the next two years. The Bank also cut its prediction for UK economic growth in 2015 to 2.9% although there are indications that this might not be achieved.

### **Quantitative Easing**

62. The Bank of England's Monetary Policy Committee decided to maintain the quantitative easing programme at £375bn at its meeting in November 2015. The objective of this is to boost the economy by increasing the supply of money, and so stimulate growth through investment.

### **Economic Growth and Unemployment**

63. The outlook for global growth has weakened since the August 2015 Inflation Report. Many emerging market economies have slowed markedly and the Monetary Policy Committee has downgraded its assessment of their medium-term growth prospects. While growth in advanced economies has continued and broadened, the Committee nonetheless expects the overall pace of UK-weighted global growth to be more modest than had been expected in August. There remain downside risks to this outlook, including that of a more abrupt slowdown in emerging economies.
64. Domestic momentum remains resilient. Consumer confidence is firm, real income growth this year is expected to be the strongest since the banking crisis, and investment intentions remain robust.

As a result, domestic demand growth has been solid despite the fiscal consolidation. Although it has moderated, growth is projected to pick up a little towards the middle of next year, as a tighter labour market and stronger productivity support real incomes and consumption, and as accommodative credit conditions encourage strong investment and a pickup in the housing market. The Committee judges the risks to domestic demand to be broadly balanced.

65. The Office for National Statistics announced in December 2015 that the UK unemployment rate was 5.2%, the lowest it has been for 11 years. The unemployment rate is the proportion of the labour force (those in work plus those unemployed) that were unemployed.
66. The employment rate was 73.9%, the highest since comparable records began in 1971.
67. There were 1.71 million unemployed people (people not in work but seeking and available to work), 110,000 fewer than for May to July 2015 and 244,000 fewer than for a year earlier.

#### **Interest Rate Implications.**

68. Interest rates remain very low, with the Bank of England base rate fixed at 0.5% since March 2009. It is not envisaged that this will change in the immediate future with the Bank of England signalling that rates will remain on hold until probably at least the second half of 2016 given the weakness of global growth and a low risk of inflation. However, it is significant that rates have now been increased in the United States.
69. The Council is exposed to risk in terms of interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For example, a rise in interest rates would increase the revenue cost of borrowings at variable rates. The Council has a number of strategies for managing interest rate risk and aims to keep a maximum of 50% of its borrowings in variable rate loans.
70. With short term interest rates being much lower than long term rates, it continues to be more cost effective in the short term to use a combination of internal resources and short term borrowing, rather than undertake further long term borrowing. By doing so, the Council is able to minimise net borrowing costs and reduce overall treasury risk.
71. Revenue implications of the Capital Programme have been calculated on the assumption that new borrowing will be taken on a short term basis, taking advantage of current low interest rates. Council borrowing has traditionally been obtained from the Public Works Loan Board (PWLb).

However in the current market, public authorities are lending to each other at rates below the PWLB for short term periods and the inclusion of these rates coupled with revised assumptions in respect of future increases in UK base rates has lowered the projected revenue implications of the Capital Programme over 2016/17 to 2019/20.

72. The rate of interest used is important in determining the revenue implications of borrowing arising from the Capital Programme. Importantly, the assumed borrowing costs over the period of the MTFP are particularly sensitive to any unexpected increases in interest rates. Table 1 below demonstrates the impact on the MTFP of interest rates above those assumed in the Plan.

**Table 1 - Additional costs over the Medium Term Financial Plan period of an unexpected increase in the interest rate**

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
1% Point Higher	1,411	1,608	1,652	1,663
2% Points Higher	2,821	3,217	3,304	3,327

73. There is a risk that interest rates may be higher than current rates when it comes to refinancing debt taken out on a short term basis. This would lead to higher revenue implications arising from the Capital Programme over the longer term within and beyond the current MTFP period. Conversely, higher interest rates would reduce the Council's net pension liability which would be reflected in the triennial assessment of employer's contributions by the Local Government Pension Scheme Fund Actuary.
74. The Council's treasury management adviser, Arlingclose Ltd, forecasts the first rise in official interest rates in September 2016 and a gradual pace of increases thereafter, with the average base rate for 2016/17 being around 0.63% compared to 0.50% in 2015/16.
75. The Council's MTFP assumes variable interest rate forecasts as follows in table 2:

**Table 2**

	2016/17	2017/18	2018/19	2019/20
Rate %	0.78%	1.28%	1.78%	2.03%

76. The Council reviews its Treasury Management Strategy annually and monitors financial markets on an on-going basis. It is possible that, based on market conditions, the Council may choose to borrow at a fixed rate of interest to reduce exposure to variable debt. However, fixed interest rates are higher than variable rates and any decision to fix more debt in the short term would adversely impact revenue implications within the MTFP period.



## **Budget 2016/17 consultation**

77. The Council has a responsibility to consult with residents and businesses on its Budget.

As part of an ongoing programme of market research a resident survey takes place once every two years with a representative sample of 1,200 residents. Recipients of the survey are asked a series of questions relating to:

The Area  
The Council  
Our Services  
Financial Issues

78. The last full survey took place in September 2014 and included a range of questions on the Budget, including perceptions around levels of council tax and preferred approaches to generation of savings. Feedback on this research was reported to Members and influenced the development of the current Medium Term Financial Plan.
79. In addition to our biennial market research, each year the Council conducts a more specific consultation on the budget proposals, in advance of decision making in February (see Appendix A).
80. This consultation was launched in early January and comprised online and paper questionnaires, promoted to residents through a mixture of social and conventional media initiatives. Key stakeholder groups were also be targeted for promotion, including Town and Parish Councils, the Council's Equality Forum, Youth Parliament the business community and Older Person's Reference Group.
81. Following the conclusion of the budget process for 2016/17, communication about the final decisions and implications for residents will take place through a range of communications, including a household leaflet that will be delivered with the council tax notices in Spring 2016.
82. Depending on the nature of the budget proposals, further and more targeted consultation may be required with groups directly affected by any anticipated changes.
83. Consultation with business is undertaken through a number of different channels including:
- Sharing our plans with the Bedfordshire Chamber of Commerce and Federation of Small Business to promote to their members.
  - Publishing plans on the Councils business portal.

- Promoting the consultation via our business facing social media such as twitter, Linked-in, Facebook.
- 84. In addition to this specific promotion of the detailed budget, we ask a broader value for money question of businesses as part of the annual business survey, sampling over 250 businesses directly.

### **Budget Assumptions**

- 85. The MTFP has been prepared taking account of various scenarios with input from the Local Government Association model and also a model provided by LG Futures. However, none of the modelling anticipated the scale of the changes contained within the Financial Settlement.
- 86. The following assumptions have been applied in producing the Medium Term Financial Plan.

### **2015/16 Forecast Outturn**

- 87. Based on the current forecast, this Budget assumes 2015/16 outturn will be on budget.

### **Funding**

- 88. Revenue Support Grant (RSG)
  - RSG phased out by 2019/20.
  - Reductions of 38% 2016/17, 57% 2017/18, 75% 2018/19 and 100% 2019/20.
  - Last year the assumption was 8% in 2016/17 & 2017/18 and 5% in 2018/19.
  - Although RSG has been phased out for CBC, it had been assumed, based on Government announcements that this would be compensated by local retention of business rates.
  - Funding for the Care Act of £1.2M and all previously earned Council Tax Freeze Grants have been rolled into RSG and therefore phased out by 2019/20.
  - Table 3 below shows the difference between the Draft Budget and the Provisional Financial Settlement.

**Table 3 - Revenue Support Grant**

<b>Revenue Support Grant</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	£m	£m	£m	£m
As Per Draft Budget	24.589	18.544	14.768	12.721
As advised in the settlement	20.152	10.601	4.683	0.000
Difference	<b>(4.437)</b>	<b>(7.943)</b>	<b>(10.085)</b>	<b>(12.721)</b>

The as per draft figures already included estimated cuts of 17% in 2016/17, 23% in 2017/18, 18% in 2018/19, 11% in 2019/20. Total estimated reduction in the Draft Budget of 53%.

89. Council Tax Freeze Grant

- In previous years Government has incentivised councils to freeze council tax by awarding grants to partially compensate for this loss of revenue. In a major change of policy direction these freeze grants no longer exist and Government expects councils to increase council tax.
- No new Council Tax Freeze Grant will be received in 2016/17.
- Previous Council Tax Freeze Grants are included in the Revenue Support Grant baseline (RSG) from 2015/16, and phased out along with RSG.
- This is despite these grants being awarded as compensation for zero council tax increases and previous assurances that these would remain in our funding.

90. Council Tax

- The council tax base for 2016/17 has grown by 2.73% as a result of housing growth within Central Bedfordshire and also a reduction in the number of claimants of Local Council Tax Support (LCTS).
- For future years, it is assumed the tax base will increase by 1.75% per annum as a result of housing growth and also an increase of 0.1% per annum as a result of fewer people claiming LCTS and therefore they are due to pay the full rate of council tax. The combined assumption is a continuation of a 1.85% tax base increase per annum.

- The MTFP assumes a 1.95% council tax rate increase (CBC share) in order to make up the reduction to RSG as calculated in the Comparative Spending Power modelling undertaken by Government. Further increases of 1.75% in 2017/18 and 1.55% in 2018/19 and 2019/20 are included in the MTFP.
- It also assumes a further 2% council tax rate increase (CBC share) for the Social Care Precept, again announced by Government and applying to all four years in the MTFP.

#### 91. Retained Business Rates

- Business rates growth has been forecast as a result of new businesses being attracted into the Central Bedfordshire area. Additional business rates income of: zero in 2016/17, £5.7M in 2017/18, £1.8M in 2018/19 and £3.9M in 2019/20 has been included in the MTFP.
- The business rate baseline advised in the Financial Settlement has been reduced by c£400K in 2016/17 and c£300K in 2017/18. This is as a result of the current redistribution methodology to determine tariff to growth authorities and top ups to authorities that are deemed to raise insufficient business rates to support their spending requirements.
- The business rates figure in 2016/17 is impacted as a result of a Collection Fund deficit (£2.7M), which because it is one off, reverses in 2017/18 increasing that year's business rates income. Thereafter the Collection Fund impact is assumed as zero.
- The Council receives a Section 31 Grant each year as compensation for the Government decision to cap NNDR increases at 2% rather than the full RPI increase due, amongst other factors. This mitigates the Collection Fund deficit referred to above.
- It is currently assumed that a similar level of this grant will be received in each of the following financial years, after deducting the compensation provided for the 2% cap on business rate increases (due to anticipated inflation being below 2%).
- The Budget includes the following amounts of s31 Grant: 2016/17 £2.6M, 2017/18 £3.2M, 2018/19 £2.6M and 2019/20 £2.6M.

## **Business Rates Review**

92. The Business Rates Retention scheme was introduced in 2013/14. Current forecasts for this suggest that Central Bedfordshire will exceed the “Baseline Funding Level” set by Government for the year 2015/16 and hence be able to retain a small element of growth. However, given the uncertain nature of this income, including potential appeals and bad debts, only specific known growth of income has been forecast for 2016/17. For the remaining three years an element of growth has been added based on modelling work of future developments.
93. As mentioned previously, the Autumn Statement announced that a review of the structure of business rates will be carried out by the Government, reporting by Budget 2016. The review will be fiscally neutral and consistent with the Government's agreed financing of local authorities at national level.
94. The timing of the introduction of changes resulting from this review is not known as yet, but is likely to be at the end of this MTFP period, c2020.

## **2017 Business Rates Revaluation**

95. In October 2014 the Government introduced a new Growth and Infrastructure Bill into the House of Commons which included measures to postpone the next business rates revaluation in England from 2015 to 2017.
96. Business rates will continue to be based on 2008 property values until 2017. This will impact the Medium Term Financial Plan from 2017/18, but the implications are unknown at present.

## **New Homes Bonus (NHB)**

97. There is considerable uncertainty about the future of the NHB scheme.
  - For the purpose of planning assumptions, NHB funding recognised in each financial year of the MTFP will remain at the 2014/15 budgeted level.
  - Growth above this baseline will be held in an Earmarked Reserve to be used to fund infrastructure costs incurred as a result of growth or to generate income streams. Access to the reserve will be supported by an approved business case where appropriate.
  - The whole basis of the calculation of NHB is subject to a Government consultation covering:

- Moving to a four year scheme from the current six years.
  - Potentially moving to a two to three year scheme.
  - Top sliced to fund the Better Care Fund (BCF).
  - Introducing thresholds below which NHB will not be earned.
  - Reducing NHB if developments are built following a planning appeal.
  - Removing NHB for those authorities that do not have a Local Plan in place.
- This consultation closes on the 10 March 2016.
  - The Spending Power methodology within the Financial Settlement has reflected the reduction in funding relating to the BCF from 2017/18.
  - As a result, the amount of NHB due to be paid to CBC has reduced substantially. Table 4 below shows the difference between the Draft Budget and the Provisional financial settlement.

**Table 4 – New Homes Bonus**

<b>New Homes Bonus</b>	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m
Current Method	11.603	13.014	13.764	14.214
As advised in the settlement	11.657	11.800	7.401	7.101
Difference	<b>0.054</b>	<b>(1.214)</b>	<b>(6.363)</b>	<b>(7.113)</b>

- Under current arrangements, income will be received in each financial year of the MTFP period for properties completed two years prior. The MTFP assumes this funding continues for a rolling six year period.
- If there is no change to the basis of funding; approximately £2.5M of additional income will be received in 2016/17 compared to 2015/16. This would leave the reserve standing at c£4.7M in 2016/17 and £9.5M in 2017/18. However, as mentioned previously, from 2017/18 the amount available to NHB is significantly reduced and so the reserve is likely to be frozen at £9.5M.
- Under the current Financial Settlement, the amount of NHB due to be earned does not drop below the £6.95M we have reflected in the base budget.

- However, given the uncertainty over this source of funding, this is likely to change following consultation and so will need to be kept under review.

## **Expenditure**

### **98. Economic**

- For all years of the MTFP inflation is allocated to Directorates on a contract by contract basis.
- Pay is assumed at 1% annually. The additional impact of the National Living Wage (NLW) for Council employees is £22K in 2016/17, £134K in 2017/18, £271K in 2018/19 and £443K in 2019/20.
- Other increases in costs due to legislative changes announced as part of the Emergency Budget in July 2015 are estimated at c£1.2M per annum.

### **99. Financial**

- It is expected that the General Fund Reserves remain at the 2015/16 level of £15.2M.
- An analysis of the minimum prudent level of reserves is shown at Appendix E.

### **100. Contingency**

- The contingency within the budget remains at £2.1M. A contingency at this level is considered appropriate taking into account risk, the level of savings proposed and difficulties in achieving targets (some of which involve significant organisational change) – including uncertainties over future funding. Holding a contingency within the approved budget provides in-year flexibility to respond to any unanticipated developments. It must also be assessed alongside the level of General Fund reserves.

## **Care Act**

101. The Care Act 2014 has important financial implications for the Council and adult social care services in particular. From April 2015 the Council has needed to consider the resource implications required to manage the additional cost of discharging the new duties for assessment and support of carers and the provision of information.

102. In addition, it is a universal requirement for local authorities to offer people the option of deferring payment towards the cost of their care services.
103. Phase 2 of the Care Act was due for implementation in April 2016 but has been postponed by Government until 2020.
104. The budget included £1.189M funding for the Care Act in the base budget, however, this has now been rolled into RSG and so is effectively lost, creating a funding pressure.

### **Better Care Fund (BCF)**

105. The Better Care Fund was announced in June as part of the 2013 Spending Round. It gave an opportunity to transform local services so that people are provided with better integrated care and support. It encompassed a substantial level of funding to help local areas manage pressures and improve long term sustainability. The Fund is an important enabler to take the integration agenda forward at scale and pace, acting as a significant catalyst for change.
106. The Financial Settlement did not include additional specific funding for 2016/17. It stated that an additional £1.5bn will be provided by 2019/20 and will commence in 2017/18.
107. This is also subject to consultation.

### **Public Health 0 to 5 Children**

108. From the 1st October 2015, responsibility for the commissioning of 0 to 5 year old children's public health services transferred from NHS England to Local Government.
109. 0 to 5 children's public health services comprises commissioning the Healthy Child Programme including the health visiting service and Family Nurse Partnership targeted services for teenage mothers.
110. This transfer was initially fully funded by an increase to the public health grant and was £1.89m for CBC in 2015/16. The full year cost for 2016/17 is £3.8m. However, the 0 to 5 children's public health service was included in the grant that was subject to a 6.2% in year reduction (£746K in 2015/16) across all aspects of Public Health.

This is not expected to impact the net budget position due to the continuing ring fence applied to this grant.

111. The Spending Review announced further reductions of c£0.3M per annum but this has not yet been confirmed.



112. Spending plans for 2016/17 to 2019/20 have had to be reduced in order to operate within the limit of the revised Public Health Grant
113. The amount of grant assumed for 2016/17 is £12.9M including the full year impact of the 0 to 5 children's transfer.

### **Medium Term Financial Plan (MTFP)**

114. The key elements of the MTFP for 2016/17 to 2019/20 are shown at Appendix C(i). Table 5 shows a summary of this plan.

**Table 5 Medium Term Financial Plan**

	2016/17	2017/18	2018/19	2019/20
Medium Term Financial Plan	£m	£m	£m	£m
<b>Funding</b>				
Revenue Support Grant	20.1	10.6	4.7	0.0
Retained Business Rates	32.0	37.7	39.5	43.4
Council Tax :				
Council Tax Increase 1.95% in 16/17, 1.75% Increase in 17/18 and 1.55% Increase in 18/19 & 19/20.	2.4	2.4	2.2	2.3
2% Social Care Precept Council Tax Increase	2.5	2.7	2.9	3.0
Total Council Tax	134.6	137.9	145.4	153.4
Use of / Contribution to Reserves	2.5	(0.3)	(2.2)	0.0
<b>Total Funding</b>	<b>189.2</b>	<b>186.0</b>	<b>187.4</b>	<b>196.7</b>
<b>Revenue Budget</b>				
Opening Base Net Revenue Budget	186.5	189.2	186.0	187.4
Inflation	2.7	2.7	2.7	2.7
Pressures	15.3	9.6	8.0	7.4
<b>Revenue Budget before efficiencies</b>	<b>204.4</b>	<b>201.5</b>	<b>196.6</b>	<b>197.6</b>
Efficiency Savings identified	(15.3)	(7.0)	(6.0)	(5.8)
Efficiency Savings to be allocated	0	(8.1)	(2.5)	(0.6)
<b>Total Revenue Budget after efficiencies</b>	<b>189.2</b>	<b>186.4</b>	<b>188.1</b>	<b>191.1</b>
<b>Budget Gap/ (Surplus)</b>	<b>0.0</b>	<b>0.4</b>	<b>0.7</b>	<b>(5.6)</b>

(Note – Any minor rounding differences are due to linking to detailed spreadsheets. For more detail see appendices).

## Funding Sources

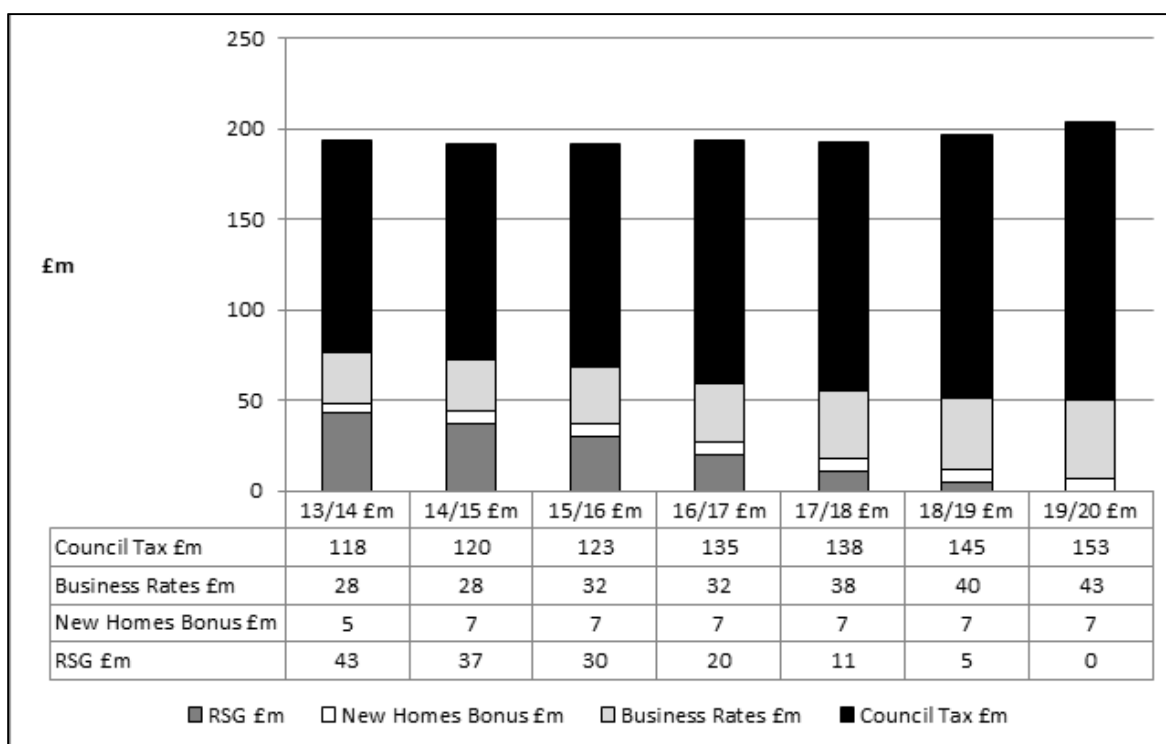
115. The Council's funding from Government over the MTFP period comprises three elements:

- Revenue Support Grant (RSG) – ceasing in 2019/20
- Business Rates Retention Scheme and
- Grants, including Ring Fenced Grants & New Homes Bonus

116. Local Government funding sources are forecast to change significantly over the Medium Term Financial Plan period 2016/17 to 2019/20.

117. Figure 1 below shows how funding sources are forecast to change over the MTFP period, with 2013/14 to 2015/16 as comparators.

**Figure 1 – CBC Revenue budget Funding Sources Projection**

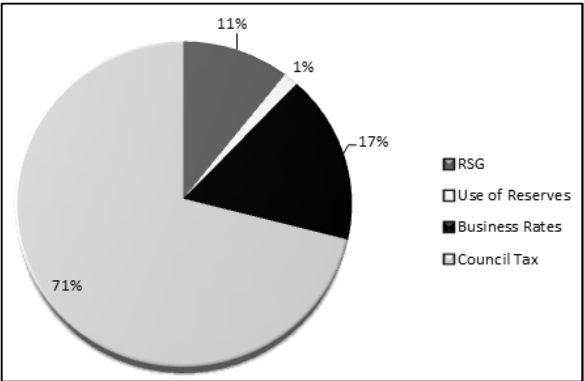


118. The above graph shows that over the MTFP period:

- The Council Tax element increases from 70% of total funding in 2016/17 to 75% by 2019/20.
- Business Rates Retention increases from 16% in 2016/17 to 21% by 2019/20.
- New Homes Bonus is assumed to remain static.
- Revenue Support Grant is removed.

119. The 2016/17 net revenue budget funding sources are shown in Figure 2.

**Figure 2 – 2016/17 Net Revenue budget income sources**

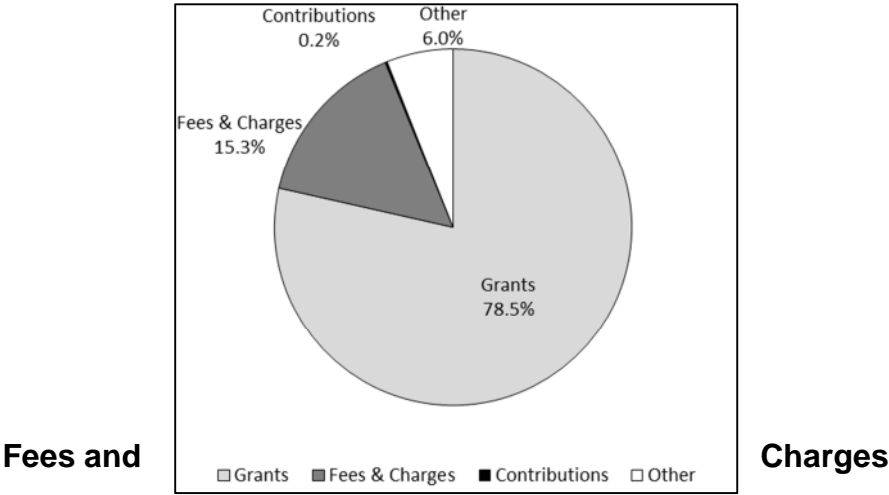


Note that the council tax percentage differs marginally from paragraph 118 due to a one off use of reserves as a funding source in 2016/17 to balance the budget.

**Gross Budget Income Sources**

120. Figure 3 below shows the 2016/17 Gross revenue budget income sources (note this is mainly grant income and does not include RSG, Council Tax etc.).

**Figure 3 – Estimated 2016/17 Gross budget income sources**



121. For the majority of services there will be a 1% increase for 2016. Fees & Charges for 2016 were subject to a separate report which was approved by Council in November 2015.

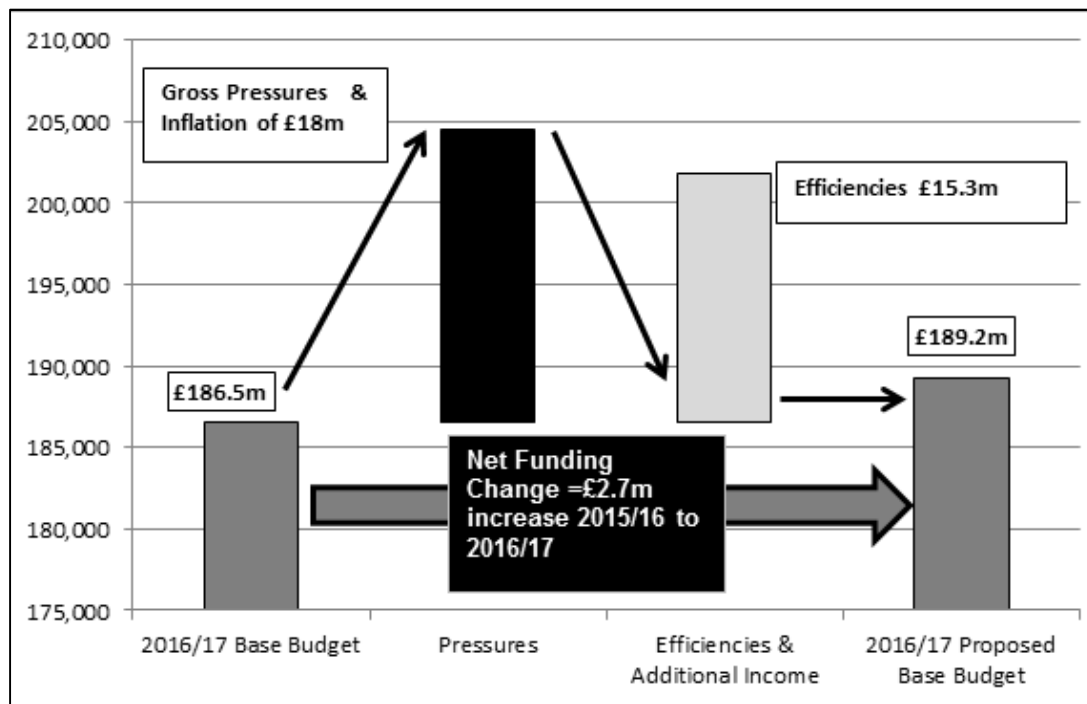
**Grants**

122. A detailed analysis of grant income is included in Appendix F.

## Expenditure Budget Detail

123. Figure 4 below reflects the change in Council's cost base.

**Figure 4 Summary of changes to Central Bedfordshire Council's Net Expenditure Budget 2015/16 to 2016/17**



(Note – Any minor rounding differences are due to linking to detailed spreadsheets)

124. The information in figure 4, above, is broken down by Directorate in table 6 below.

**Table 6 2016/17 Net Expenditure Budget breakdown by Directorate**

	Expenditure Budget 2015/16	Inflation	Unavoidable Cost Pressures	Efficiencies	Net Base Expenditure Budget 2016/17
Medium Term Financial Plan	£m	£m	£m	£m	£m
Social Care, Health & Housing	64.6	1.1	8.6	(6.4)	67.9
Children's Services	36.4	0.2	1.3	(1.9)	36.1
Community Services	49.0	1.0	1.7	(3.9)	47.7
Regeneration and Business Support	4.8	0.1	0.5	(0.3)	5.1
Public Health	0	0.0	1.3	(1.3)	0
Improvement and Corporate Services	15.9	0.1	0.2	(1.0)	15.3
Corporate Resources	4.7	0.1	0.4	(0.3)	4.8
Capital Financing Costs	13.4	0.0	0.5	0	13.9
Corporate Costs	(2.4)	0.1	0.8	(0.1)	(1.6)
<b>Total</b>	<b>186.5</b>	<b>2.7</b>	<b>15.3</b>	<b>(15.3)</b>	<b>189.2</b>

## Efficiencies

125. All of the £34.1M of allocated efficiencies during the period of the MTFP have been identified and are shown at Appendices I(i) and I(ii). A summary of these is shown below in Table 7 and Table 8.
126. Certain consistent efficiency themes which impact across Directorates within the Council were used in the budget preparation and Heads of Service reviews. These were:
- A Demand Management
  - B Income Generation
  - C New Delivery Models
  - D Better Targeting of Resources
  - E Procurement/Commissioning
  - F Digitisation and Process Automation
  - G End to end process improvement (including restructuring)
127. The themes encapsulate the Council's approach to delivering efficiencies whilst maintaining the outcomes from services delivered. Table 7 below groups the efficiencies by these themes.

**Table 7 Medium Term Financial Plan Efficiencies by Category**

Ref	Category	2016/17	2017/18	2018/19	2019/20	Total
		£m	£m	£m	£m	£m
A	Demand Management	(5.0)	(1.4)	(1.9)	(2.0)	(10.3)
B	Income Generation	(3.2)	(1.5)	(1.0)	(1.3)	(6.9)
C	New Delivery Models	(1.6)	(0.7)	(0.5)	(0.6)	(3.4)
D	Better Targeting of Resources	(0.0)	(0.0)	(0.3)	(0.4)	(0.7)
E	Procurement/Commissioning	(2.4)	(1.7)	(1.1)	(1.3)	(6.5)
F	Digitisation and process automation	(0.2)	(0.1)	(0.2)	(0.1)	(0.5)
G	End to end process improvement	(2.9)	(1.5)	(1.0)	(0.3)	(5.7)
<b>Total</b>		<b>(15.3)</b>	<b>(7.0)</b>	<b>(6.0)</b>	<b>(5.8)</b>	<b>(34.1)</b>

128. These are included within the directorate efficiencies as detailed in Appendix I(ii). Note: Table 7 does not include the efficiencies that have yet to be allocated to directorates.

129. Table 8 below shows the breakdown of allocated efficiencies by directorate.

**Table 8 Efficiencies by Directorate 2016/17 to 2019/20**

Efficiencies	2016/17	2017/18	2018/19	2019/20	Total
	£m	£m	£m	£m	£m
Social Care, Health & Housing	(6.4)	(1.7)	(2.1)	(2.1)	(12.3)
Children's Services	(1.9)	(1.2)	(1.5)	(1.0)	(5.5)
Community Services	(3.9)	(1.7)	(0.9)	(1.3)	(7.8)
Regeneration and Business Support	(0.3)	(0.4)	(0.1)	(0.3)	(1.2)
Public Health	(1.3)	(0.5)	(0.5)	(0.5)	(2.7)
Improvement and Corporate Services	(1.0)	(0.9)	(0.6)	(0.5)	(3.1)
Corporate Resources	(0.3)	(0.4)	(0.1)	(0.1)	(0.9)
Capital Financing Costs	0.0	0.0	0.0	0.0	0.0
Corporate Costs	(0.1)	(0.3)	(0.1)	(0.1)	(0.5)
<b>Total</b>	<b>(15.3)</b>	<b>(7.0)</b>	<b>(6.0)</b>	<b>(5.8)</b>	<b>(34.1)</b>

(Note – Any minor rounding differences are due to linking to detailed spreadsheets. For more detail see the Pressures and Efficiencies appendices).

## Pressures

130. A full breakdown of cost pressures is provided at Appendix H with the major items relating to:

- Increased demand for adult disability services £8.1M;
- Increased demand for care services from an ageing population £7.6M;
- Financing costs of the Capital Programme £5.7M;
- Impact of legislative changes £4.6M;
- Impact of National Insurance Changes £1.2M.

**Table 9 Pressures by Directorate 2016/17 to 2019/20**

Pressures	2016/17	2017/18	2018/19	2019/20	Total
	£m	£m	£m	£m	£m
Social Care, Health & Housing	8.6	5.0	4.9	4.7	<b>23.2</b>
Children's Services	1.3	0.2	0.1	(0.1)	<b>1.6</b>
Community Services	1.7	0.9	0.1	0.2	<b>2.9</b>
Regeneration and Business Support	0.5	0.1	0.0	0.0	<b>0.6</b>
Public Health	1.3	0.5	0.5	0.5	<b>2.8</b>
Improvement and Corporate Services	0.2	0.1	0.1	0.0	<b>0.4</b>
Corporate Resources	0.4	0.2	0.2	0.2	<b>1.0</b>
Capital Financing Costs	0.5	2.3	1.6	1.4	<b>5.7</b>
Corporate Costs	0.8	0.3	0.5	0.6	<b>2.2</b>
<b>Total</b>	<b>15.3</b>	<b>9.6</b>	<b>8.0</b>	<b>7.4</b>	<b>40.3</b>

(Note – Any minor rounding differences are due to linking to detailed spreadsheets. For more detail see the Pressures and Efficiencies appendices).

## Reserves

131. One of the key budget objectives is to maintain General Fund reserves to at least a risk assessed prudent minimum level. The anticipated outturn for 2015/16 indicates a General Fund reserve position of £15.2M and so the previously identified minimum prudent level of £11.2M has been achieved. Reserve levels need to take account of the continued reductions in funding levels and significant future pressures across all forms of social care services in particular.

The Budget anticipates the use of £2.5m of reserves in 2016/17, which is not sustainable in the long term. However, the intention is to replenish reserves over the plan period, which mitigates the risks of this approach.

132. The reserves policy has been updated to ensure it accounts for these risk factors, and is included at Appendix E. The budget also includes a contingency element of £2.1M.
133. The assessment of the appropriate level of reserves is continually kept under review.

### **Risk Management**

134. All budget proposals incorporate a degree of risk. Whilst the Council has a good track record of delivering the required budget savings to date, the following are highlighted as key risks within the proposals:
  - Demand: The wider impact of the current economic climate on local residents is placing further demands on the Council's services, at a time when the Council needs to reduce spending due to constraints on public expenditure.
  - Reputation: If stakeholder engagement is not managed effectively, the need for the Council to take difficult decisions in response to the contraction of public expenditure will not be understood.
  - Delivery: The delivery of the agreed savings proposals, including those which cut across more than one directorate will need to be effectively managed to ensure they are realised in practice. Some may require major organisational change programmes.
  - Increases in the number of children and older people in care.
  - Ability to achieve £15.3M savings in 2016/17 and £45.3M (including unallocated) in total over plan period.
  - Ability to collect the budgeted levels of council tax and business rates.
  - Impact of Universal Credit.
  - Inflationary pressures greater than assumed.
  - Changes to interest rates.
  - Financial stability of the Health system.



- Risk of school deficits and redundancy costs falling to the Council.
- Uncertainty around the funding of New Homes Bonus which is subject to a consultation.
- Uncertainty around the funding of NNDR which is subject to a consultation as part of the move to a 100% retention scheme by 2020.
- Government announced changes to the National Living Wage commencing from April 2016. This will have significant implications for local authority costs and in particular, the care market. The impact is not yet fully assessed, but the Council has included estimated cost pressures in all years of the MTFP.

### **2016/17 Capital Programme**

135. The Capital Programme is not included within this budget report as it is subject to a separate report to Executive on this Agenda. However by way of context, the key figures within the Capital Programme Report 2016/17 are reflected below. Note that the figures below exclude slippage from 2015/16.

**Table 10 2016/17 Capital Programme Budget (Excluding HRA)**

<b>Gross Expenditure</b>	<b>External Funding</b>	<b>Net Expenditure</b>
£m	£m	£m
82.791	(45.801)	36.990

**Table 11 2016/17 Capital Programme Funding (Excluding HRA)**

<b>Funding Source</b>	<b>2016/17</b>
	£m
Gross Expenditure Budget	82.791
External Funding	(45.801)
<b>Net Expenditure Budget</b>	<b>36.990</b>
Funded by :	
Capital Receipts	(10.500)
Borrowing	(26.490)
<b>Total Funding</b>	<b>36.990</b>

**Table 12 2016/17 Capital Programme Revenue Implications (Excluding HRA)**

<b>Minimum Revenue Provision</b>	<b>Interest</b>	<b>Total Revenue Implications</b>
£m	£m	£m
8.000	5.883	<b>13.883</b>

136. Table 13 below shows the change in Capital Programme Revenue implications.

**Table 13 Capital Programme Revenue Implications (Excluding HRA)**

	<b>Opening position £m</b>	<b>Movements</b>			<b>Closing Position £m</b>
		<b>Interest Charges £m</b>	<b>MRP £m</b>	<b>Total change £m</b>	
2016/17	<b>15.51</b>	(1.18)	(0.44)	(1.62)	<b>13.89</b>
2017/18	<b>13.94</b>	0.84	1.37	2.21	<b>16.15</b>
2018/19	<b>16.29</b>	0.83	0.62	1.45	<b>17.74</b>
2019/20	<b>17.94</b>	0.53	0.63	1.16	<b>19.10</b>

Note: the opening position is as per the 2015/16 MTFP.

137. Minimum Revenue Provision (MRP) is the minimum amount which must be charged to the revenue account each year and set aside as provision for repaying the principal element of external loans and meeting other credit liabilities. Interest is the estimated cost of borrowing to fund the Capital Programme.

138. It should also be noted that a number of schemes, for example Leisure Centres, will generate income for the Council as users of the facilities pay for usage.

### **Timetable Milestones**

139. The key milestones in the timetable for Council to agree its budget in February 2016 are set out in Table 14 below:

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**Table 14 Timetable Milestones**

<b>Date</b>	<b>Body</b>	<b>Outcome</b>
Early January 2016	Public	Budget papers made available to Public and Public Consultation commenced
12 January 2016	Executive	Considered Draft Budget
14 January 2016	Sustainable Communities OSC	Overview & Scrutiny Committees (OSC) considered efficiencies and savings and draft budget proposals
25 January 2016	Social Care, Health & Housing OSC	
28 January 2016	Children's Services OSC	
2 February 2016	Corporate Resources OSC	
9 February 2016	Executive	Recommends Final Budget
25 February 2016	Council	Approves Budget
29 February 2016	Council	Reserve Council Meeting in case of delay in receiving notification of other precepts.

**Appendices**

Appendix A	Budget Consultation
Appendix B	List of petitions
Appendix C (i)	MTFP Four year Summary
Appendix C(ii)	MTFP Annual Summary
Appendix D (i)	Budgets by Head of Service
Appendix D (ii)	Budgets by Head of Service Subjective
Appendix E	Reserves
Appendix F	Grant Income
Appendix G	Tax Base
Appendix H	Pressures
Appendix I (i)	Efficiencies by Directorate
Appendix I (ii)	Efficiencies by Category
Appendix K	Overview & Scrutiny Committee comments
Appendix L	2016/17 Budget Diagram
Appendix M	EIA – Developing our News and Information Officer
Appendix N	EIA – VCA, CVS and BRCC
Appendix O	EIA – Children's Services Decommissioning

**Background Papers**

- (i) Budget Strategy - Executive, August 2015