
Wiltshire Council's Financial Plan Update 2016/17

EXECUTIVE SUMMARY

This is a covering report, providing an assessment to Council to set a budget for 2016/17 and the impact on Council Tax, rents, fees and charges, the capital programme, schools overall budgets, as well as Council reserves.

Due to the scale of cuts in the Government Grant in 2016/17(-16.3%), increasing demand on some of our services, and the effect of inflation, Government changes related to National Insurance contributions and the living wage the Council faces significant growth pressure in setting its budget for 2016/17.

The proposals focus on protecting services that deliver the Business Plan priorities, in particular protecting those who are most vulnerable. This will mean that to reduce the impact on front line services and protect priority services the proposals in this report set out recommendations that will raise £15.9 million, a 1.99% increase in Council Tax; plus a new Social Care Levy, suggested by Government at 2%. This is the first increase in Council Tax for 6 years and the additional money will be used to protect and invest in five key areas; Adult Care (including Learning Disabilities and Mental Health), Children's Safeguarding and Special Educational Needs, Highways, Waste and Housing. The remaining savings will come from reductions in management, staff, procurement, efficiencies and actions already approved by Cabinet.

The proposals set out in the report are for £25.254 million of savings. The majority of these come from our continued efforts to work differently and more efficiently whilst minimising the direct impact on front line services. The savings are set out in the Budget Book at Appendix 1C for each service.

The proposals see an average 1% reduction in rent for social housing, as instructed by Government, and a continued focus on investing in the future infrastructure of the County to build strong and resilient communities by protecting the ongoing investment in the economy, building more homes and health and wellbeing centres (formerly campuses) (2016/17 will see £8.6 million, £30.5 million and £19.7 million respectively spent on these programmes) all of which help stimulate the local economy. The ongoing commitment to invest in Highways will see £18 million spent on road repair and maintenance in 2016/17 and £21 million each year over the next three years. Aligned to the Business Plan, the

budget also safeguards the commitment to Military Civil Integration and creating and protecting jobs.

Over the last four years the Council has delivered over £110 million of savings without significant impact on front line services and has seen performance improve overall. Continuing to do this is extremely challenging and will be difficult to achieve. The delivery of the 2016/17 savings will need continued monitoring and analysis to ensure the Business Plan focus is achieved through ongoing budget and performance reporting throughout 2016/17.

Reasons for Proposals

To enable Council to:

- Set its revenue, capital, housing revenue accounts, fees and charges, levels of reserves and resultant Council Tax for 2016/17 and to issue Council Tax and rent bills.
- Provide the Council with a strong business and financial plan for sustainable delivery for 2015-17.

PROPOSALS

It is proposed that Council:

- a. Endorses the update of the Financial Plan for 2016/17.
- b. Approve the investment and savings proposals summarised at Sections 7 and 9 respectively of this report and at Appendix 1C, to provide a net revenue budget for 2016/17 of £313.585 million.
- c. To vote separately:
 - i. Increase Wiltshire Council's element of the Band D Council tax for 2016/17 by 1.99% to £1,246.76, as calculated in accordance with statute, as set out in Section 10 of this report.
 - ii. Introduce a Social Care Levy of 2% to contribute to funding Adult Care pressures, raising £4.322 million.
 - iii. Set the Council's total net expenditure budget for 2016/17 at £313.585 million.
 - iv. Set a 1% reduction for social dwelling rents.
 - v. Approve the Capital programme proposed at Appendix 1E of this report.
 - vi. Set the changes in fees and charges set out in detail at Section 8 of and at Appendix 1G of this report.
 - vii. Set the Housing Revenue Account (HRA) Budget for 2016/17 as set out at Appendix 1F of this report.
 - viii. That all other service charges related to the HRA be increased by CPI plus 1%, including garage rents.

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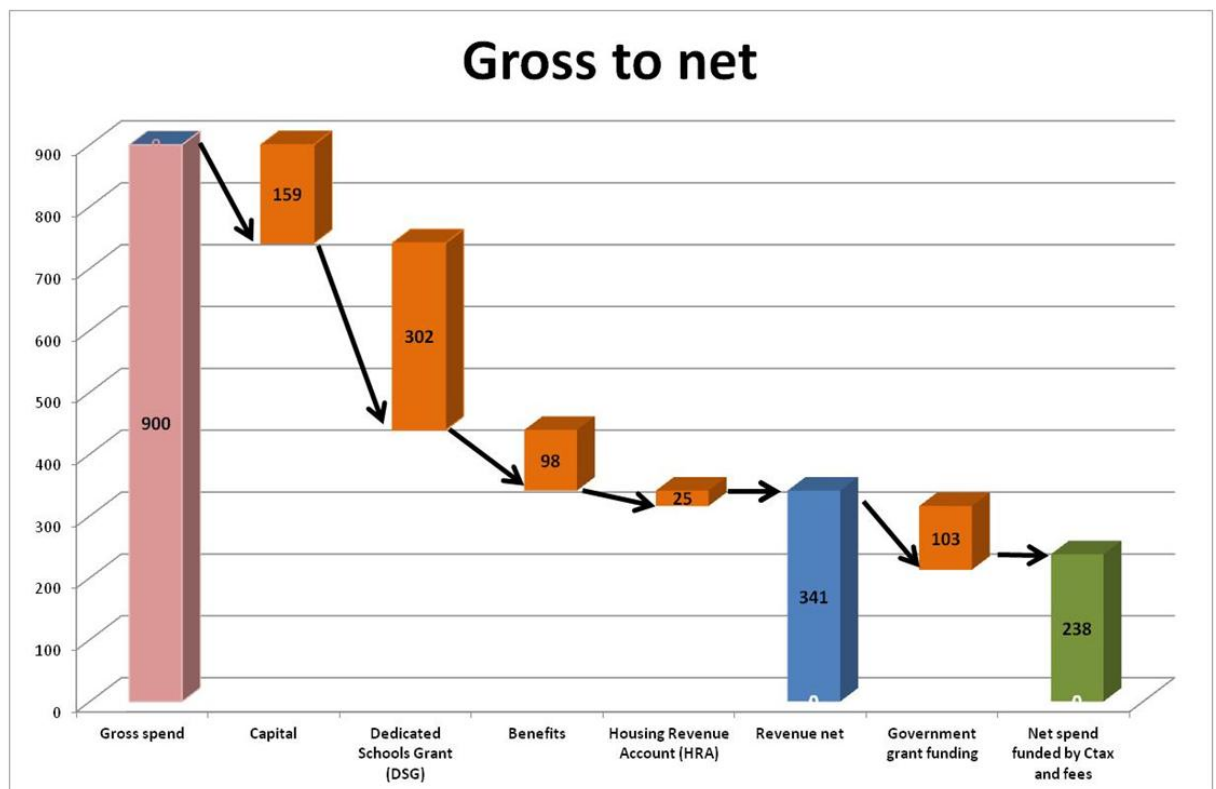
Wiltshire Council's Financial Plan Update 2016/17

1. Purpose of Report

- 1.1. This is a covering report, providing an assessment of draft proposals to Council to set a budget for 2016/17 and the impact on Council Tax, rents, fees and charges, the capital programme, schools overall budget as well as reserves.
- 1.2 The Council's Overview and Scrutiny **Management** Committee was asked to appraise and scrutinise the proposals and plan, as well as officers' conclusions, and feedback was presented to Cabinet for consideration. The minutes from that meeting are attached at Appendix 3 of the reports to Cabinet and Council.
- 1.3 Council is asked to consider the findings from the Overview and Scrutiny **Management** Committee, as well as feedback from the public meetings, Schools Forum, **Housing Board** and Trade Union consultations. Minutes of these meetings are attached at Appendix 3 of the reports to Cabinet and Council.
- 1.4 Council is asked to debate and approve the budget, Council Tax, rents, fees and charges, capital programme, schools overall budget as well as reserves.

2. Background

- 2.1 In September 2013, Wiltshire Council updated its Business Plan, which was reflected in the Financial Plan reported to Council in February 2015. The Council is obliged by legislation to set a balanced budget and resultant Council Tax, plus related fees and charges. As a result, Members and officers have been updating the Financial Plan to present to Council in order to set its element of the 2016/17 Council Tax.
- 2.2 The total gross budget for the Council is close to £1 billion, of which the revenue spend funded from Council Tax and fees, accounts for a net spend of £238 million, as shown below:



- 2.3 Last year the Council faced a continued increase in demand for services to the most vulnerable, as well as inflationary pressures and changes in Government policy and funding. The Council has worked hard to deliver the third year performance, savings and investment proposals of its plans. Latest projections were reported to Cabinet on 9th February 2016 (see [Link](#)) identify a net overspend of £2.831 million at Period 9, with further action planned which means that a balanced budget for 2015/16 is forecast.

- 2.4 The national and local circumstances have been appraised against new Business and Financial Plans, and there are no changes proposed to that plan. There are some revisions arising from funding changes to the four year financial plan first reported alongside the Business Plan, and these are shown in Section 4 and at Appendix 1 of this report.
- 2.5 Cabinet is assessing feedback from ongoing public engagement and, the final results will be attached to this report at Appendix 3. This report is an assessment to inform Council of the decision making process of the adequacy and ability to deliver the proposals made by Cabinet, and the resultant impact on the Council's financial standing.
- 2.6 This report therefore considers:
- a) The current financial position of the Council for 2015/16 – **Section 3**
 - b) Changes to the financial plan assumption reported to Council last year – **Section 4**
 - c) The feedback from public meetings and other consultations – **Section 5**
 - d) The level of funding available for 2016/17 – **Section 6**
 - e) The level of investment required for delivering the Business Plan in 2016/17 – **Section 7**
 - f) The consequences of charges, capital, housing and schools proposals – **Section 8**
 - g) The level of savings required – **Section 9**
 - h) The resultant Council Tax calculation – **Section 10**
 - i) An assessment of reserves – **Section 11 and Appendix 2**
 - j) The impact on 2016/17 and future years – **Section 12**
 - k) Consideration of other factors and professional advice – **Sections 13 to 18**

3. 2015/16 Forecast Outturns

- 3.1 The Council has received regular updates on its revenue, capital, schools and housing budgets. The timing and level of transparency of these reports has again significantly improved throughout the year. The latest forecast at Period 9 (December 2015) as set out at Cabinet on 9th February agenda ([Link](#)), reports an overspend of £2.831 million before action, with a projected year-end balanced budget after action. Various management actions and Member decisions throughout the year have been taken to deliver this position. This included a likely drawdown of £2.2 million from General Fund reserves as planned in support of additional funding for Waste and Safeguarding Children services.

3.2 As a result of action it is forecast that the 2015/16 revised revenue budget of £314.983 million will be balanced and that there will be no need to draw further on reserves. It was also noted at the Overview and Scrutiny Management Committee that any underspend on all devolved funds, including the local area board devolved youth funds will be allowed to be carried forward. This has no impact on the 2015/16 assumptions.

3.3 Budget monitoring of the capital, Housing Revenue Account (HRA) and schools budgets show they are on target to be balanced at year end.

4. Changes to the 2014-17 Financial Plan

4.1 When Council approved the 2014-17 Business and Financial Plan in September 2013 ([Link - Item 58](#)) it then, in February 2014 and again in February 2015, updated this to set out detailed budgets for 2014/15 and 2015/16 respectively, which as noted in Section 3 is on schedule to be delivered. The following year (2016/17) was projected in February 2015, based on certain assumptions and plans. This report focuses on 2016/17 and the detailed proposals.

4.2 Since the Business Plan was approved by Council the Financial Plan has continued to be updated to reflect further changes in assumptions and Government funding announcements and is attached at Appendix 1A to this report. This shows changes from that presented to Council in February 2015.

4.3 The key changes have arisen due to revisions to the forecast for the Government Grant funding, including a new Social Care Levy; the increased level of demand for care for the vulnerable, in particular children with special educational needs and adults with learning disabilities; growth in waste arising from increased households; the impact of Central Government decisions around national insurance and the living wage; and changes in the scope of the current contract for the provision of highways and the environment services.

4.4 In relation to the Council's 12 key actions within its Business Plan the financial plan confirms the commitments to continue to resource these:

- **Action 1 – Highways:** An average of £21 million capital funds has been committed to be invested in Highways each year 2014-20 in order to improve Wiltshire's roads. This will be the third of a six year programme of additional works increasing annual expenditure on structural road maintenance from £10.500 million to an average of £21 million per year for six years from 2014/15. This was approved by Cabinet in October 2013 ([Link](#)).

The Council has achieved nearly £14m of savings in highways and street scene service revenue budget over the last five years. To **retain** the level of maintenance of roads, grounds and tidiness of our town centres, and in order to **maintain** our services in managing parking restrictions and flooding, the highways revenue budget will be increased by £3.350m.

- **Action 2 - Stimulate economic growth:** The budget continues the commitment to invest in growing and protecting our economy, with £0.582 million in 2016/17 invested in continuing the support for Action Wiltshire. This will include the focus of securing £10 million plus of European Structural and Investment Fund monies. It will also see continued support for schemes such as business support, start up and high growth enterprises as well as export initiatives and inward investment services. Apprenticeships and skills development and support for those excluded or marginalised in the labour market. All of which is having a positive impact on our local economy maintaining one of the lowest levels unemployment in the country (0.6% compared to National Average of 1.5% – Job Seekers Allowance Claimants (as at December 2015)).

We have a continued commitment to the Local Enterprise Partnership, delivering the Strategic Economic Plan (SEP), Growth Deal (including Higher Futures (City Deal)) and working with partners to deliver growth and more jobs. We also have a significant capital programme with a focus on ensuring local business benefit from our health and wellbeing centres and housing programmes. This also includes £16 million investment to improve broadband speed and access in Wiltshire, with work due to conclude in 2017 that will result in over 91% of the County having access to a superfast fibre broadband service.

Given the success of support for delivery of housing and business growth in Wiltshire a forecast of an additional £0.250 million of planning income has been budgeted for in 16/17. The economy shows signs of maintaining this level of additional activity, however, if the income is generated from smaller applications this could have an impact on the capacity of the planning service (and internal consultees) to manage the workload. We will continue to review this area to ensure we maximise future growth and economic stability.

- **Action 3 – Area Boards and working with communities:** The budget retains a capital grant, albeit with a £0.1 million reduction. In addition, the devolvement of Youth monies will continue.

The council remains committed to its decision in November 2013 ([Link](#)) to passport £0.121 million of the Revenue Support Grant arising from the changes introduced by implementing the Coalition Council Tax Reduction scheme. This is due to the importance of Wiltshire's Town and Parish Councils to effectively deliver public services throughout the County. Many other councils did not passport this money to their Towns and Parishes.

- **Action 4 - Opportunities for every child:** The Council is working closely with academies, maintained schools and colleges to promote school improvement within the self-governing system set out by Government. The Council retains direct responsibility for oversight of approximately 160 maintained schools and is developing partnerships with Teaching Schools and National and Local Leaders of Education in Wiltshire to improve educational outcomes for all Wiltshire's children and young people.

- **Action 5 – Protecting the vulnerable:** Both Adults and Children's care is a key priority for the Council and these services have therefore been protected from base budget reductions.

In Adult Care (excluding learning disabilities (LD) discussed in the next paragraph) the service faces projected pressures arising from more demand and increasing complexity of cases of £6.0 million in 2016/17 (£7.8m with LD). Given the scale of reduction in Government grants the Council is faced with either reducing services or making use of the new Social Care Levy set out by the Chancellor. Given the priority and the need in the County this report proposes that a levy of 2% is set in 2016/17 to minimise any reductions in service. With the base income budget increasing by £4.3m this will mean the service will still need to continue to make changes to contain demand. We are also working with the Clinical Commissioning Group (CCG) and other partners to implement the Integrated Health Plan set. We are expecting further NHS income for Adult Care, but are awaiting confirmation. This has been excluded from the Council's figures as it will go towards funding Better Care Plan priorities including implementation of support for Carers under the Care Act.

Over the last two years the Council has seen a significant pressure on its budget from the increased cost of children with special educational needs and adults with learning disabilities. This is due to a mix of higher need, complexity of cases and changes to Government policy, especially around placing new burdens on the council for transport. Overall the pressures forecast for 2016/17 in these areas are £6.177 million. The Council sees this as a key priority and is thus diverting resources and investing this amount in these services in 2016/17. Looking forward the Council will work closely with schools and the NHS to ensure that costs are prevented and value for money is achieved.

Over the last 4 years, £3.7 million net has already been invested in Children's frontline Safeguarding. This was largely to fund ongoing cost and demand pressures, as well as investing in an innovative cross sector preventative Multi Agency Safeguarding Hub (MASH) agreed by Cabinet in December 2013, and work on improving awareness and preventing child sexual exploitation ([Link - Item 121](#)), as well as investing in social workers as agreed by Cabinet in October 2014 ([Link](#)). In 2015/16 we have seen a stabilisation of the numbers of children cared for, although a number of the high costs cases still remain, our response to this and our plans are working.

As a result in 2016/17 the service's baseline budget, like Adult care, faces pressures to stand still. Therefore the proposals in this report aim to redirect a net £3.153 million of resources to these services as well as locking in previous year's investment. However, the service will still face challenges to manage this by continuing to reduce caseload and bring more children back into county, as well as further efficiencies in its structures.

- **Action 6 – Investing in Housing:** £45.8 million investment in modernisation of housing over 4 years through the Housing Revenue Account. There is £35.8m allocation from the Housing Revenue Account which will be matched with £7.64m Government Grants, Right to Buy receipts and Commuted Sums over a 4 year period to fund a New Housing Build Programme to deliver new affordable homes. More than £2 million will also be invested in extra care to provide facilities for the increasing elderly community in the County.

- **Action 7 – Military Civilian Integration:** The Council is working in partnership with the MOD to ensure a successful army basing programme is delivered. This includes integration around housing, school and infrastructure developments, alongside other community initiatives. The Council has continued to invest officer time and capacity into the delivery of this programme and reported progress during 2015/16 to the Overview and Scrutiny Committee in January 2016.
- **Action 8 – Delegate Land and services:** The Council has a strategy agreed with our local partners and continues to commit to and deliver on this policy. During 2015/16 examples of this delegation included a garage/workshop in New Zealand Avenue, Salisbury transferred to the Salisbury Weight-Lifting Club, and Westbury Gardens, Bradford On Avon to the town council. The Council is also finalising a deal with Salisbury City Council to delegate a package of assets and services. This package relates to 10 buildings together with the Shop mobility, CCTV, Public Conveniences and Highways and Streetscene services.
- **Action 9 – Health and Wellbeing Centres (formerly campuses):** £59 million is being invested between 2016/17 and 2019/20 into the programme to improve the community of Wiltshire. In 2016/17 the current schemes approved and commencing are forecast to require no borrowing. The first phase of Corsham was completed in 2014, the first phase of Salisbury completed in 2015. The remaining approved centres (Melksham, Calne, Cricklade, Pewsey and Tisbury) are phased to be completed during 2016 to 2018.
- **Action 10 – Public Health:** The level of Public Health Grant was announced on 11th February and is an increase of just over £2m, therefore £1 million of Public Health monies will continue to be directed to Leisure to improve health outcomes for the Wiltshire population. The final grant allocation money will be used to target the prevention of ill health through early intervention and reducing health inequalities across Wiltshire. Given the late announcement of the funding a statement of spend will be presented to Cabinet in the first budget monitoring, but the grant remains ringfenced. It is assumed this will be a nil impact on the council's revenue.
- **Action 11 – Realigning Resources:** This report identifies that a gross £25.254 million is being realigned to key Business Plan actions and priorities with savings being found to deliver this realignment and continued reduction in Government funding.

- **Action 12 – Developing our workforce:** The budget includes a provision of £3.9 million to fund the nationally agreed pay increase in pay and changes in national insurance. A further allowance of £2.4 million is included to cover the cost of pensions arising out of the 2013 actuarial revaluation of Wiltshire’s Pension Fund to ensure the scheme remains viable. Work is ongoing to implement job families that will simplify job design, enabling efficiencies and the ability to respond to change quicker to create a motivated, empowered and engaged workforce.

4.5 These investments and realignment of funds have been assessed by Finance and Services and are endorsed as an appropriate level based on current information and necessary to reflect the ability to deliver the Business Plan in 2016/17.

5. Consultation and public engagement

5.1 Public engagement on the budget is being carried out in a number of ways:

- Specific consultation as part of Cabinet decision making process throughout the year, such as Children’s Centres and Passenger Transport. Where appropriate this will be carried on in 2015-17 and beyond arising from Cabinet’s proposals;
- Four evening meetings were held across the County from 1st to 10th February to present the extent of the financial challenges facing the public sector, in particular the Council and ways to address that. Cabinet members are attending these sessions and specific feedback will be provided at Cabinet and Council in February 2015.

5.2 Consultations with Trade Unions, local businesses and with staff as appropriate to restructure proposals are ongoing. Trade Union feedback was sought at the Group Leaders meeting with all Unions on 4th February and feedback given at Cabinet.

5.3 The debate and actions from the Overview and Scrutiny **Management** Committee will also be appended and issues raised considered at Cabinet.

5.4 Consultation was also undertaken on the HRA with the **Housing Board** (25th January 2016) and on School’s budget provision with the County’s Schools Forum (14th January 2016). The minutes of these meetings are attached at Appendix 3. There were no specific issues arising from these minutes that impact on the consideration of setting the Council Tax, although a number of typographical amendments have been made and reported to Cabinet and Council.

6. Level Funding

6.1 The Council draws its funding from two main sources – local taxation and Government grants. The Council's Government funding for 2016/17 comprises of three elements, the first two making up what is referred to as Wiltshire's Settlement Funding Allocation (SFA), which is the Department of Communities and Local Government's (DCLG) calculation of what the Council's spending should be compared with other councils across the country. SFA consists of:

- Revenue Support Grant (RSG);
- Baseline Funding - Business Rates Retention Scheme (BRRS); and

There are additional ring fenced grants, such as Public Health.

6.2 This and the impact for Wiltshire are set out in more detail in the following paragraphs. Section 10 of this report sets out the calculation of the proposed Council Tax, and Section 8 assesses the assumptions on fees and charges plus the funding for capital, housing and schools.

- ***Government Grant - Settlement Funding Assessment***

6.3 In 2010, the Government simplified the funding for local authorities to one main grant – the Settlement Funding Allocation (SFA), and nine separate core grants. At the same time it announced a review of the funding formula and system with the aim of introducing a more transparent and simplified scheme that also support the localism agenda. These changes took effect from 2013/14, and as such this is the fourth year of the current funding scheme. Wiltshire's allocation is derived thus from the funding baseline set two years ago for each authority. The SFA is split into two parts: the Revenue Support Grant and the Baseline Funding or as it is sometimes known the Business Rates Retention Scheme (BRRS). The BRRS is meant to reflect our needs based assessment.

6.4 For 2016/17 the Government, have amended part of the SFA formula without consultation in relation to the RSG. For 2016/17 the grant was adjusted for the ability to raise Council Tax. As a result, large counties and rural unitaries were impacted hardest with on average over 32% reduction in RSG.

6.5 Going forward there are plans developing to radically overhaul this grant funding, further details are set out later in this report at Paragraph 6.17.

- 6.6 For 2016/17 the Government announced on 16th December 2015 a provisional draft settlement, and a final unchanged settlement on 8th February 2016 as follows:

| | 2015/16 £m | 2016/17 £m | 15/16 to 16/17 Change £m | 15/16 to 16/17 Change % |
|--|---------------|---------------|-----------------------------------|----------------------------------|
| RSG (including 2013/14 to 2015/16 Council Tax Freeze Grants) | 53.598 | 34.736 | -18.872 | -35% |
| Baseline Funding – BRRS (including s.31 grants) | 52.542 | 54.135 | 1.593 | 3% |
| Total | 106.140 | 88.861 | -17.279 | -16.3% |

A reconciliation of these settlement figures with the overall grants is shown at Appendix 1B page 2

- 6.7 As part of the final settlement the Secretary of State has also set out a provisional four year settlement that will see RSG almost removed by 2020. The proposal is as follows:

| | 2016/17 £m | 2017/18 £m | 2018/19 £m | 2019/20 £m |
|--|---------------|---------------|---------------|---------------|
| Revenue Support Grant | 34.73 | 18.29 | 8.05 | 0 |
| Baseline Funding Level | 54.14 | 54.02 | 55.62 | 57.39 |
| Total Settlement Funding Assessment | 88.86 | 72.31 | 63.66 | 57.39 |

- 6.8 Whilst the final settlement was confirmed 8th February 2016, it must be noted that at the time of issuing this report further details on a number of grants are still to be confirmed. In addition, notification on the final Education Services Grant (ESG) (formerly LACSEG) will not be known until 31st March 2016. Any additional monies received from final settlements, unless ring-fenced, will be set aside in General Fund reserves.

- **Ring fenced grants**

6.9 In addition to this the Government is issuing a smaller number of specific grants for Public Health, Dedicated Schools Grant, NHS Care Act and Public Health Monies. These are as follows:

- **Dedicated Schools Grant (DSG) - £317.275 million:** This is set out in more detail in following sections of this report.
- **Public Health – £18.269 million:** The announcement for Public Health was made on 11th February and the allocation sees an additional £2.161 million, and is equivalent of £37 per each member of Wiltshire's populations. The prioritisation of the spend is driven by local assessment of need, and as part of that £1m of funds for 2016/17 will continue to be diverted into Leisure services to continue the improvement in the residents health and fitness. Given the late announcement of the funding a statement of spend will be presented to Cabinet in the first budget monitoring, but the grant remains ringfenced.
- **Better Care Fund (Previously known as Health Gain Monies / the Integrated Transformation Fund) –** Locally Wiltshire's Better Care Fund has been uplifted by £0.9 million, however the budget for the £28 million is still being finalised. We have thus assumed £10.277 million allocated in 2015/16 will continue to be allocated to Wiltshire Council in 2016-17.
- **Transition Scheme –** in the final settlement announcement Government set out a new £3 million two year grant for the years 2016-17 and 2017-18. This is to reflect that as the RSG will be zero and the first two years see the sharpest reduction, the Secretary of State has set out this grant to ease the effect. As a result and to reflect the need to begin transition to a Council with lower government funding, it is proposed that £2m is transferred into capital financing to allow for borrowing at low interest to reduce future capital costs originally assumed in the medium term financial plan based on the provisional settlement. Alongside that it is proposed that £0.5m will be transferred in to General Fund reserves to provide now for the future need within the General Fund reserve as already identified in the paper presented to Scrutiny. Finally £0.5 million will be used to replace the same amount of grant reduced for Housing Benefit subsidy and Local Welfare Provision, in order that the Council can continue to support the vulnerable.

6.10 The Government also confirmed in the final settlement an increase of £2.5m in relation to the Rural Grant from what we expected upon the provisional settlement announcement. So in total the grant in 2016/17 is £3.3m (£0.6m in 2015/16) of which we had assumed £0.8m in the original papers presented to Management Scrutiny. In 2017/18 this will be £3m, and in 2018/19 and 2019/20 will be £2m in each of these years.

6.11 The Rural fund is to support the high cost of rural services, such as social care. The proposal is to set this fund aside to an earmarked reserve (£2.5m) to fund schemes that support the council transition to one that is able to manage with less government funding. This will include greater ability to raise income, devolve services to communities and work as one public sector in and across communities. Cabinet propose therefore setting targets for the release of this fund to schemes that firstly meet this type of criteria, and that can demonstrably show a return on the investment through either generating at least 20% more savings or reduce demand by 20%.

- **Social Care Levy**

6.12 Given the continued pressures of demand, the increasing cost of caring for the elderly and the likely impact of the National Living Wage (announced by the Chancellor of the Exchequer in July 2015) he set out in the Autumn Statement (25th November 2015) a new local freedom for councils to raise a separate ring fenced Social Care Levy of up to 2% on every household to support services to elderly residents. For Wiltshire this would equate to £4.322 million.

- 6.13 Whilst this is welcomed the actual forecast increased cost pressures for 2016/17 are £7.8 million as follows (more details in Section 7 of this report):

| Description of pressure | £m |
|--|------------|
| Additional demographic and complexity / acuity for over 65s | 1.9 |
| Greater cost of learning disability packages of care and increased numbers | 1.8 |
| Greater cost of mental health packages of care and increased numbers | 1.4 |
| Impact of the National Living Wage | 0.4 |
| Full year impact of placements from out of hospital | 1.3 |
| Contract inflation | 1.0 |
| Total | 7.8 |

- 6.14 Without any social care levy the current forecast pressures from demand and inflation facing these services of £7.8 million would need to be managed by reductions to these services or services elsewhere in the Council. As such this report proposes that the Council implement this new Levy for 2016/17 at 2% to help manage the ongoing pressures faced by services viewed as a key priority to protect the vulnerable in the County.

- **Council Tax**

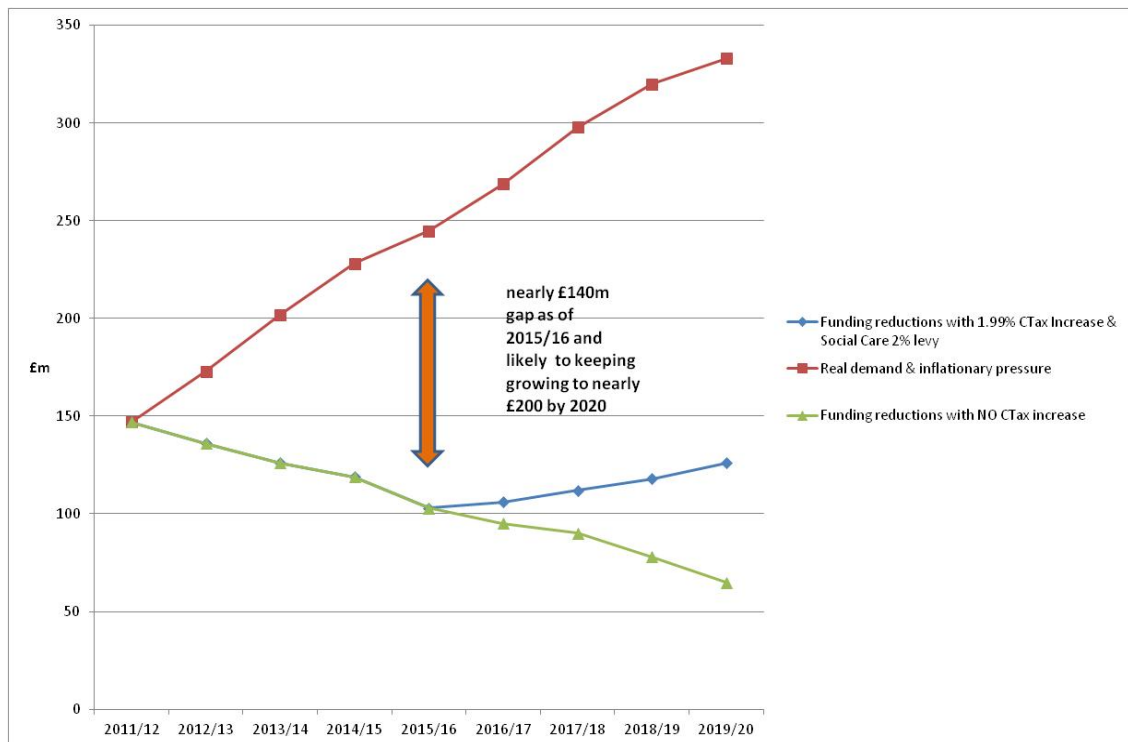
- 6.15 In addition the Council has the ability to pass proposals to increase Council Tax by up to 1.99% for 2016/17. This year will see no Council Tax Freeze Grant, and whilst previous years Freeze Grants have been rolled into the RSG, as this is being reduced, then clearly that Freeze Grant is also reduced meaning a loss of £20 million by 2020. Given that prior year Freeze Grants are being reduced and the pressures the Council faces due to cuts in the Government Funding proposals this report recommend a 1.99% increase in the Council Tax for 2016/17.

6.16 The Council has seen an increase in both the number of properties in the County subject to Council Tax and the levels of collection. Proposals are that Council Tax levels are increased by 1.99%, which will yield on the total tax base as set by Cabinet in December ([Link - item 144](#)) £4.3 million. In addition the level of Council Tax collected has improved, and as a result it is proposed to lower the level provided for bad debt. We also expect to collect £2.1 million more income from changes to discretionary discounts to empty homes agreed by Cabinet in September 2015 ([Link - Item 104](#)).

6.17 Overall therefore it is projected that in 2016/17 £11.559 million more will be raised from Council Tax as shown in Section 10 of this report.

• **Overall 'real' impact on the Council's finances across the 2010-20 decade**

6.18 The provisional four year settlement shows that the amount of cash funding from central Government is set to continue to fall significantly (a further £29.71m by 2019/20 - that is £69.33m or 54% since the start of the decade in 2010/11). On top of that the Council faces around £70m of demand and inflationary pressures by 2019/20 (c£140m since the start of the decade to now). So overall the Council faces the need to find savings from now to the end of the decade of £99.71m (that will be £309m in the decade). To manage this there is likely to be a need for future increases in Council Tax and the Social Care levy to avoid significant reductions in front line services.

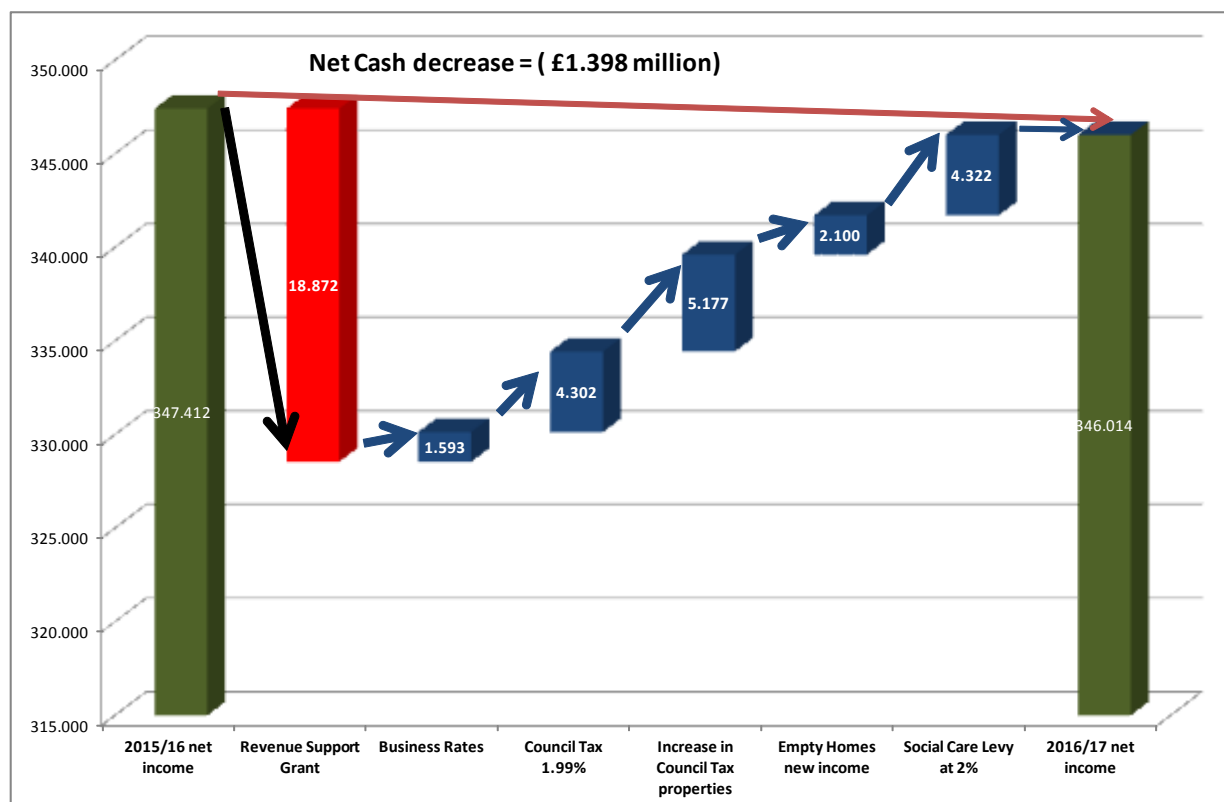


- **Government Funding – Future Years’ negotiation**

6.17 As part of the funding announcement, the Secretary of State has invited councils to approach DCLG to negotiate settlements with the potential for greater retention locally of business rates (NNDR), although on the understanding of greater responsibilities. This offer fits with Wiltshire Council’s devolution bid it submitted to DCLG in September 2015 ([Link - Item 9](#)), and as such the Leader has indicated that the Council wishes to take up this offer. If this is accepted there will be negotiations with DCLG over the next nine months, with final submissions now expected by 14th October 2016. Regular updates will be given to Council.

- **Overall Funding levels**

6.18 After adjusting for movements in grant, allowing for the final settlement, proposed levels of Council Tax and the proposed new Social Care Levy, the net impact is that the Council projects it will have £313.585 million of funds available, **which** is a net decrease from 2015/16 of £1.398 million.



6.19 However, as the next section identifies the level of demand significantly exceeds this and thus savings as set out in section 9 are also required.

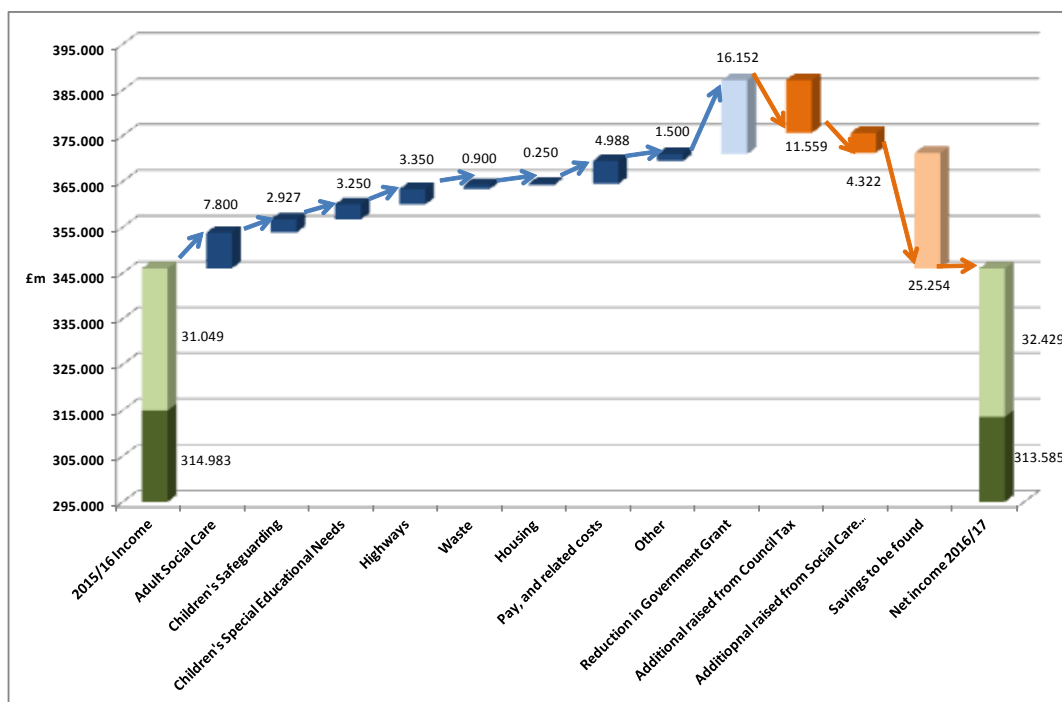
7 Level of investment and changes to the original plan

7.1 Changes to assumptions on both income and spend have occurred since the Medium Term Financial Plan was reported to Council in February 2015. The comparison is summarised at Appendix 1A. The level of pressures has increased very slightly from the forecast financial plan reported to Council in February 2014 (£24.878 million to £24.965 million), largely due to a decrease in Government grant announced in mid December 2015 offset by a reduction in inflation assumptions. In addition, whilst costs continue to rise in Adult Social Care, although the increased demand will be partly offset by a new Social Care levy (as discussed in section 6 of this report).

7.2 The increase in Council Tax and Social Care Levy is to directly fund investment of £15.881 million in the Council's priorities:

- protecting the vulnerable, both adults and children;
- investing in our environment and roads
- funding the waste costs associated with new housing
- investing in housing, in particular reducing homelessness

7.3 Overall the pressures of £24.965 million will be funded in part by the additional £11.559 million raised by Council Tax and £4.322 million from the 2% Social Care Levy. That leaves a gap of £9.084 million. However, the Council also needs to identify ways to meet the net £16m reduction in Government SFA meaning that the net savings to find is £25.254 million (i.e. £9.084m + £16.152m) of savings still need to be found, but the Cabinet is quite clear that this will come from redirecting resources from non-priority areas. This is discussed in more detail in Section 9. Overall therefore the position is as follows (investment in each areas is discussed in the following paragraphs):



A reconciliation of these grant figures is shown at Appendix 1B page 2

- **Adult Social Care**

7.4 Overall the forecast increased cost pressures for caring for older people, including mental health and adults with learning disabilities for 2016/17 are £7.8 million as follows:

| Description of pressure | £m | Comments |
|---|-----|--|
| Additional demographic and complexity / acuity for over 65s | 1.9 | It is forecast that the need for care will increase by 2.2% (£1.2m) in 2016/17. But complexity for over 85s in particular will give rise to higher costs for these in care (c£0.7m). |
| Greater cost of learning disability (LD) packages of care and increased numbers | 1.8 | As adults with LD live longer the costs of care increase with complexity. Also changes arising from legal cases have brought additional costs on Wiltshire. This increase will meet pressures arising in 2015/16 and projected increases flowing through into 2016/17. |

| Description of pressure | £m | Comments |
|--|------------|--|
| Greater cost of mental health packages of care and increased numbers | 1.4 | Wiltshire has a growing number of 'forensic mental health' cases. On top of which reductions in joint funding mean the Council faces significant pressures in 2016/17. |
| Impact of the National Living Wage (NLW) | 0.4 | Whilst the impact of the NLW will effect later years far more, the start of this increase in income for our staff and those of our contractors / providers will begin to impact in 2016/17. |
| Full year impact of placements from out of hospital | 1.3 | The significant improvement in reducing Delayed Transfers of Care is a positive, but for the Council it brings increased costs of care to achieve this. Even with new initiatives to return people to their homes we have seen an increase in costs we forecast to continue. |
| Contract inflation | 1.0 | Contractual commitments link some contracts to inflationary uplifts. |
| Total | 7.8 | |

7.5 Thus even after taking account of the ability to raise a new Social Care Levy and ring fence £4.3m of that income to Adult Social Care, pressures will need to be managed through effective placement and savings.

- ***Children's Safeguarding***

7.6 The Council continues to face pressures to ensure children are safe. The level of staffing to case ratio has improved, although many posts have been filled the speed of completely resourcing this structure from permanent staff has been slower than expected. As a result agency costs are still greater than budget. Whilst there are plans to manage this there is short term need to fund this transition.

7.7 In addition, whilst case numbers have remained on average stable over the last year at just above 400, the types of placement are more complex giving rise to higher costs. Initiatives, such as a South West Adoption Agency are underway but the savings from these may not be realised until 2017. As such pressures till exist.

- **Children's Special Educational Needs**

7.8 There are a number of factors giving rise to pressures across Children's Services arising from more children with special needs, complexity of those needs, as well as a transfer of responsibilities for funding those needs to the Council without additional funds. The Council will need to review high costs of care, how it works and funds cases with its partners and the transportation costs around the county. However, there is still a need for additional funds in these areas to meet the forecast pressures in 2016/17.

- **Highways**

7.9 The county highways network and street scene services are a priority. The ability to attract inward investment for a thriving economy and to ensure citizens and residents live and work in well maintained private and public space means that we will increase expenditure by £3.350m. This will be directed at the following service areas: The reintroduction of the parish steward scheme, drainage/flooding, gulley emptying, weed control, street sweeping, litter collection, maintenance of grounds and play areas, traffic management and street lighting energy costs. This is an area that the public, parish town and city councils continually ask for increased investment **to the** service in the specific areas of concern.

- **Waste**

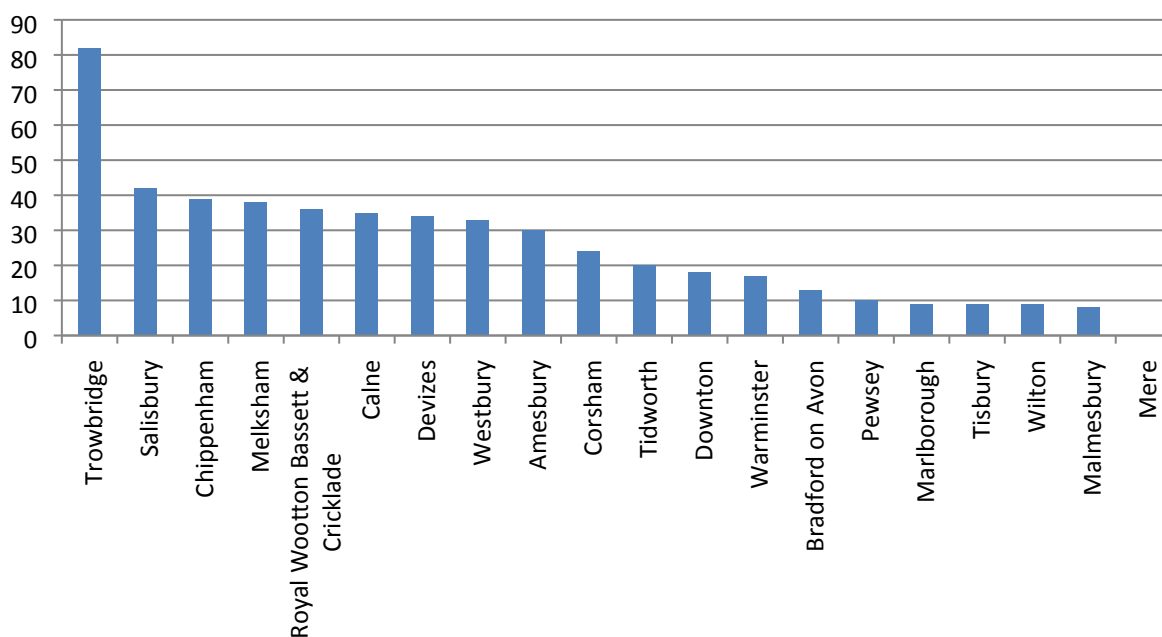
7.10 The County has seen on average a growth in its residential properties by 2% each year for the last three years. It forecasts that this will continue into 2016/17. Whilst individual houses can be added to rounds, where whole estates are being developed and sold this creates added pressures and needs for new bins and rounds, as well as costs of disposal. As such the Council has estimated it needs to divert £0.900m of monies raised from Council Tax to Waste services to fund this growth, so that there is a direct link between income raised and costs incurred.

- **Housing**

7.11 The housing market remains difficult with a constriction of the private rented sector as landlords seek to maximise rents above what benefit dependent tenants can afford and we have seen, nationally as well as locally, many landlords no longer wish to take on tenants who are reliant on housing benefit. The loss of an Assured Shorthold Tenancy remains both nationally and locally, the single biggest reason for homeless. Nationally 31% of homelessness results from the loss of these tenancies but in Wiltshire it is 36%, indicative of the lack of suitable and affordable private rented stock across the County.

7.12 The forthcoming freezes to working age benefits/tax credits and the roll out of Universal Credit is likely to increase this trend and the Options Team work proactively to build relationships with local landlords and offer them incentives to work with customers whom we are supporting. As well as a Wilts let Bond scheme to help tenants to afford the financial start-up costs of a new tenancy, we are able to offer help to landlords to quickly resolve housing benefit problems and a point of contact for ongoing tenancy issues. We hope to build on this work and ensure that Wiltshire landlords will continue to work with us to help those at risk of homelessness.

7.13 The chart below shows the numbers of high risk families likely to be negatively impacted on by the main welfare changes outlined in the recent budget and Autumn Statement.



7.14 An extra £250,000 has been identified to assist with the funding of deposits and offers to private landlords to secure suitable alternative accommodation as well as with our homeless prevention work to better manage the increased work-loads and support that housing officers will need to provide to those households impacted by Welfare Reform.

- **Pay and related costs**

7.15 It has been assumed that a number of factors will place significant pressures on the Councils pay and pension costs in 2016/17 as follows:

| Description | Pressure £m |
|---|----------------|
| 1 Pay inflation at 1% - Any pay awards are determined nationally between employer representatives and Trade Unions. Current suggestions indicate, whilst not settled, a likely outcome could be an average increase of 1%, with nil increase for senior managers and c2.2% for lower paid staff. | 1.089 |
| 2 A package of Terms and Condition changes to deliver the savings shown. | 1.722 |
| 3 Other amendments – to reflect full year savings from proposals in 2015/16 | (0.262) |
| 4 Pensions – The current actuarial plan for Wiltshire Pension fund includes an annual stepped increase of 1% p.a. The effect of this in 2016/17 is: | 2.416 |
| 5 National Insurance changes – Changes introduced by Central Government mean that from April 2016 the current basic state pension and state second pension (S2P) will be abolished and replaced by a single-tier state pension. The abolition of S2P will also mean the end of contracting-out. Currently contracted-out schemes must provide a certain level of Defined Benefit (DB) benefits, sufficient to satisfy the statutory reference scheme test, and in return both employer and employees pay lower National Insurance Contributions (NICs). The abolition of contracting-out will therefore have cost implications for the Council and employees because of the loss of the NIC rebates. We estimate this could be: | 2.755 |
| Total | £7.720 |

7.16 All pay pressures will be funded from savings from both management and procurement, discussed in Section 9, and not from increases in Council Tax. It is also proposed in Section 9 that increments are not awarded for one year (2016/17) to reduce the level of savings needed, thus reducing the pressure to £5.998 million.

- **Other pressures**

7.17 Increased demand has an impact on 'back office' services through increased costs, for example additional legal / advocacy for child protection; IT support for new services or digitisation; and working differently in communities through health and wellbeing centres etc... As a result additional funding has been directed to Legal (£0.4m), IT (£0.6m), Libraries income (£0.150m) and Communities (£0.350m). Again this will be funded from savings across the Council and not from the increase in Council Tax.

- **Looking forwards**

7.18 Looking forward the current economic climate makes the prediction of inflation and demand harder given the wider variation of professional views. Projections around adult and child care demand have been strengthened to reflect better analysis of care data and trends, and higher levels of inflation have been assumed to be prudent. Thus the investments are felt justified and reasonable.

8 The consequences of Charges, Capital, Housing and School budget decisions

- **Fees and Charges**

8.1 Cabinet proposes several changes to fees and charges, however in the main most discretionary fees have been increased on average by +10% to reflect the significant reduction (-16.3%) in the Council's Government grant. Other fees set by statute have been based on statutory national levels, and a few fees will remain at 2011/12 levels. A full list of fees and charges is attached at Appendix 1G.

8.2 Exceptions to this are for the collection of garden waste where a 5% increase is proposed to ensure that the council recovers its reasonable costs of collection. This will still mean that the service is less expensive than that of many neighbouring authorities. A 5% increase in charges for commercial waste collection and disposal is proposed, again to ensure that the council recovers its reasonable costs. Also Leisure will introduce a range of pricing in line with the Cabinet report in November 2015 ([Link - Item 132 Part II](#)).

8.3 There will be no change in car park charges.

8.4 Demand assumptions in the main have remained unchanged. This is felt prudent but will continue to be reviewed in year and an element of reserves has been set aside to cover for this. Other fees and charges proposed are assessed as deliverable at this stage but will also be monitored.

- **Capital**

8.5 Cabinet proposed Capital Programme for 2016-20 - attached at Appendix 1E, along with the indicative sources of funding available. The programme for 2016/17 proposes a total value of £116.583 million plus £37.669 million of works carried forward from 2015/16, and over the 4 years to 2019/20 is £441.048 million. The programme is largely built up from Government and other grants received or due to be received. This amount is £171.537 million in 2016-20, with £78.171 million forecast to come in 2016/17 (including carried forward from 2015/16). In some cases grant allocations for 2016/17 are still to be announced or finalised particularly for education, so estimates have been used which will need to be adjusted once grant levels are announced. Additionally other sums may become available during the year from a variety of sources which can be added to the programme during the quarterly reporting of the Capital programme in 2016/17.

8.6 In addition to Government grants, additional sums in the form of Capital Receipts from sales of assets and borrowing are able to be added to the programme. Capital receipts assume a total of £80.038 million received over the next 4 years to fund part of the planned expenditure. This has assumed that all known receipts are achieved and applied to the current Capital Programme.

8.7 The total 4 year programme thus requires circa £100.164 million of borrowing to fund the whole £441.048 million programme. Given the financial pressures on the revenue fund, borrowing in 2016/17 had been reduced to just £1 million, however, there is an assumed £99.164 million over the following three years at this stage (2017-20) largely (£66.645 million or 71% of all borrowing) arising from the ongoing health and wellbeing centres programme and Highways work. Both of which were added to the programme in previous years. **With the announcement of the final settlement it is proposed to use the Transition Grant to fund borrowing requirement and reduce the potential risk of future higher interest to meet the total need.**

8.8 The other major driver of borrowing increases is the ongoing upkeep of the Council's operational estate which will require circa £7.3 million of borrowing, and investment in employment through the Growth Deal support and schemes designed to boost the local economy and communities such as Porton Science Park development and superfast broadband.

- 8.9 Due to our continual improved management of cash flow, receipts and project management we anticipate that our cost of borrowing is reduced in 2016/17 by around £1.3 million to £21.899 million. **Although a further £2m will be borne for future years and funded from the Transition Grant initially to ensure our debt profile is retained at low levels of interest,** as once the first phase of the programme is complete in circa 2018, an additional £5m to 7m charge to revenue will be required in order to service the potential new debt. The total capital financing budget in 2017/18 is anticipated to be around £26m or circa 8% of the Councils net budget, up from 5% in 2014/2015.
- 8.10 To mitigate the increase in revenue budget, treasury management reviews will also continue to be undertaken to take opportunities to reprioritise, re-profile and better manage cash over borrowing to fund schemes. This will allow capital financing costs to be squeezed downwards wherever possible. The effect of reprogramming of the capital programme has the impact of pushing the costs into later years, and an estimate of this has been made within the budgeting. This will prevent the Council from borrowing money too early and thus having to pay unnecessary interest repayments. In addition more work will be undertaken to assess the ability to apply more capital receipts from disposal of assets.
- ***Housing Revenue Account (HRA)***
- 8.11 The Housing Revenue Account (HRA) is a separate account that all local authorities with housing stock are required to maintain by law. This account accumulates and reports all transactions relating to, or associated with, local authority-owned housing. It is “ring fenced”, which means that money cannot be paid into or out of it from the General Fund. In addition, it is not legal to run a deficit on the account.
- 8.12 The 30 year business plan aims to deliver a substantial increase in the amount of money available to be invested in Capital works on existing dwellings and to deliver new Social Housing to replace properties that have been sold under the Governments Right to Buy scheme.

- **Rents Setting 2016/17**

8.13 A new policy for Rents for Social Housing was adopted for 2015/16 by Central Government. As in previous years all Councils and registered social landlords are expected to set their rents using the long-standing rent restructuring formula. However, following the Chancellor of the Exchequer's announcement in his Autumn statement rents will be reduced by 1% per annum for the next four years - rather than increased by Consumer Price Index (CPI) plus 1% as was assumed prior to this announcement. This will have a significant impact on the HRA, with £0.524 million less revenue than predicted in the 30 Year Financial Plan in 2016/17, and more in future years. It is proposed that this is funded by reducing the contribution to reserves planned. This will have an impact on the future years' level of reserves to carry out repair and maintenance, and as such a new 30 Year Business and Financial Plan will be submitted during 2016 to address the issues raised by this and other HRA announcements made and continuing to be made by the Government.

8.14 The effect in 2016/17 for Wiltshire Council following this Government policy is to reduce the average formula or target rent by 1%. This equates to an average reduction of £0.90 per week. This will now apply to all properties in 2016/17. For 2 bedroom properties the average 2015/16 rent is currently £90.10 per week (52 week rent) which will fall to an average of £89.21 for 2016/17. For 3 bedroom properties the fall would be from £98.31 to £97.32.

- **Garage rents and Service Charges 2016/17**

8.15 It is proposed to increase garage rents by CPI plus 1%. This is following on from an increase in 2015/16 of 2.2%, with a freeze in garage rents between 2010/11 to 2013/14.

8.16 Service charges including those for sheltered accommodation (many of which are for utilities) are also proposed to increase by CPI plus 1%, the same increase as garage rents.

8.17 This is to reflect that due to the considerable economic pressure facing many tenants, service charges were frozen for 2012/13 and 2013/14. However, utilities costs rose considerably during that time, and in addition the reduction in rental leaves a shortfall in the HRA. A full review of service charges is being undertaken 2015/16 to look at options to fully recover all the costs incurred.

- **Budget impacts**

8.18 The proposed budget 2016/17 decreases the amount the HRA returns to reserves for 2016/17 from £1.498 million to £0.975 million. This is a decrease of £0.523 million on the amount in 2015/16. This is due to the reduction in income from the 1% reduction in rents.

8.19 The HRA budgets are being reviewed and realigned to ensure accurate budgets, profiles and reporting, this will be complete for 2016/2017 but should have no impact on the HRA bottom line. Details of the revised budget are shown below, and in detail at Appendix 1F:

| 2014/2015 | | 2015/2016 | 2016/2017 |
|---------------------------|--------------------------------------|---------------------------|----------------------------|
| Actual Outturn | Service | Revised Budget | Proposed Budget |
| £ | | £ | £ |
| | HRA Expenditure | | |
| 132,334 | Provision for Bad Debt | 250,000 | 250,000 |
| 13,835,148 | Capital Financing Costs | 13,986,000 | 13,986,000 |
| 6,154,599 | Repairs and Maintenance | 5,515,500 | 5,515,500 |
| 636,799 | Supervision & Management Special | 270,400 | 270,400 |
| 2,948,187 | Supervision & Management General | 3,556,200 | 3,686,900 |
| 23,707,067 | | 23,578,100 | 23,708,800 |
| | Housing Income | | |
| (136,138) | Interest | (140,000) | (140,000) |
| (24,824,931) | Rents | (24,936,000) | (24,543,370) |
| (24,961,069) | | (25,076,000) | (24,683,370) |
| | | | |
| (1,254,002) | Total Housing Revenue Account | (1,497,900) | (974,570) |

8.19 The Council has already begun investing more heavily in its Council stock through use of HRA reserves and resources available under the new freedoms of the Self Financing regime. This has seen an increase in resources available to spend which has raised the planned expenditure on items such as replacement kitchens, bathrooms, windows, roofing and boilers on the Council housing stock. In 2016/17 the programme is aiming at delivering 700 new kitchens and 700 new bathrooms, a substantial increase on previous years. This programme will continue, increasing the average spend per year from under £4 million in 2011/2012 to around £10 million per year available over the next five years. In addition a further £6.5 million is earmarked for delivery of new Council housing.

- **Schools**

8.20 A one year Dedicated Schools Grant (DSG) settlement has been allocated for 2016/17, no indication of future years funding has been received. DSG has been allocated in three separate blocks for 2016/17, the blocks are not ring fenced. The total provisional DSG allocation for Wiltshire is £310.309 million broken down as follows:

| | 2015/16 (Revised) £m | 2016/17 £m |
|---|-------------------------------------|-----------------------|
| Schools Block – final allocation based on October 2015 school census | 256.536 | 260.156 |
| Early Years Block – provisional allocation based on January 2015 census | 18.988 | 18.988 |
| High Needs Block – provisional allocation based on baseline data agreed with EFA (final data still to be updated) | 37.385 | 37.043 |
| Other additions for non-block allocations | 0.089 | 0.088 |
| Total | 312.977 | 317.275 |

- 8.21 The settlement represents a cash increase of £4.278 million compared with 2015/16 however there are a number of upward and downward adjustments which have been reported to Schools Forum. The main reason for the uplift is an increase in pupil numbers. Government have announced that there will be a consultation in 2016 on a new settlement and formula to apply for 2017/18 onwards. Wiltshire schools are the seventh lowest funded schools in the Country and the consultation and proposals are eagerly awaited.
- 8.22 The Early Years block will be updated after the start of the financial year for the January 2016 census and again after the end of the financial year for the January 2017 census. The final value of the High Needs Block will be confirmed in March 2016. Values will be adjusted for placements in non-maintained special schools (NMSS) and for final numbers of post-16 placements.
- 8.23 A minimum funding guarantee (MFG) of 1.5% is to be applied to the delegated schools budget meaning that no school has a reduction in funding of more than 1.5% per pupil before any pupil premium is added. Schools Forum has previously agreed that the cost of the MFG will be met through limiting the gains for those schools who would receive increases in funding through the new funding model. Limits to gains are also applied on a per pupil basis.
- 8.24 Schools Forum met on 14th January ([Link](#)) and agreed to recommend a budget for schools of £317.275 million. Overall therefore there will be a continuation of the Council's policy to not top up the DSG.

9 Level of savings

- 9.1 The Council's Financial Plan identifies a net reduction in grant funding of £0.289m (£1.398m less £1.109) plus a pressure on costs and services £24.965 million as shown in previous sections. This means there is a need to find £25.254 million of savings (£24.965m + £0.289m)
- 9.2 As part of the process of setting the budget managers have been assessing their budgets. The savings have then been split between those where officers have authority to take actions within the existing Council Policy Framework and processes termed Service decisions (this includes consultation where appropriate with the public and / or Trade Unions and staff); and those where decisions require a change in policy and approval by elected members. At this stage the decisions for Cabinet or Council have been taken, as set out below.
- 9.3 All of the savings are set out within this the budget books at Appendix 1C to this report. There are three corporate targets totalling of £2.494 million to be allocated to services for: procurement reviews and £1.556 million; £0.800 million for a review of terms and conditions; and £0.138 million to be allocated. These are discussed below (paragraph 9.7) in more detail.

9.4 In summary the savings are broken down as follows:

| Description | £ million |
|---|---------------|
| Decisions already taken by Cabinet / Council, including Children's Centres (December 2015), Care charges (January 2016), Leisure income (December 2015), Voluntary Sector grants, Home broadband and elections income (Council February 2015) | 1.335 |
| Service decisions (per full list at Appendix 1C) | 13.623 |
| Income (see budget books at Appendix 1C, section 8 and fees & charges at Appendix 1G) | 3.002 |
| Corporate item savings (reduction in redundancy and capital financing of £2m and £1.3m respectively) | 3.300 |
| Corporate targets being allocated (paragraph 9.6) | 2.494 |
| Use of General Fund and provisions | 1.500 |
| Total | 25.254 |

9.5 These savings have been assessed and considered realisable, although there may be some further movement in some as work progresses which means a small element could need to be found from other areas or reserves.

9.6 The savings are thus coming from two main sources pay, and non-pay. In relation to pay the Council's current pay bill is £145.113m. It is proposed that £7.720m of increase is required to meet pressures set out at paragraph 7.13. However, it is proposed that increments are frozen for one year to reduce this pressure to £5.998m.

| Description of saving | £m |
|---|-----------------|
| Salary Savings (circa 60 to 100 posts) identified in budget books plus management salary saving targets from removing vacancies and restructures under consideration which could give rise to redundancies (circa up to further 100 posts) | (6.122) |
| Direct salary adjustments | (6.122) |
| Other salary adjustments in budget: | |
| Term and conditions | (800) |
| One year increment freeze | (1.722) |
| Release of redundancy reserves | (2.000) |
| Total at salary savings in budget book | (10.644) |

9.7 This will give a total pay bill, subject to any other proposals, of £142.189m, which is 45% of the net budget.

| | Revised 2015/2016 £m | Growth & Investment £m | Salary Savings & Efficiencies £m | Proposed 2016/2017 £m |
|-----------|-------------------------------------|---|---|--------------------------------------|
| Employees | 145.113 | 7.720 | (10.644) | 142.189 |

| | |
|---|----------|
| Savings & Efficiencies | (6.122) |
| Other | (4.522) |
| Total pay and related savings as above | (10.644) |

9.8 Of the pay savings every effort will be made to first of all remove vacant posts and assess ability to redeploy staff. This both supports employment and reduces any costs of redundancies. It is anticipated through this the likely reduction in posts will be around 200, which is c.5% of staff against a funding reduction of 16.3%.

9.9 There are three corporate target savings allocated out to services within the Plan. This totals £2.494 million:

- Target to continue to reduce spend on goods and supplies through improved corporate procurement - £1.556 million. The Council's procurement and contract management responsibilities has been the subject of a 12 month review and a new standardised process for tendering and monitoring spend / contracts will come into operation in 2016/17. It is assumed this improved governance and control environment will yield savings additional to specific procurement savings already identified. This target represents circa 1% of the Council's spend on goods and supplies and is thus felt reasonable. The targets have been allocated to each Associate Director to deliver and as such are not held in the centre, but reflected in reductions in service budget books appended to this report. An element has been set aside in reserves for non-delivery.
- There is a targeted reduction in pay associated costs arising from a review of the current staff terms and conditions during 2016/17 - £0.800 million. As this is to be concluded this saving has not yet been allocated out to service budget books but is held in the centre.
- A small unallocated amount of £0.138 million remains to be allocated following the review of proposals and timings. It is hoped this will be funded from any additional grant received when the final settlement is known.

9.9 The Council remains prudent and an element of provision for non-delivery of savings has been provided for in the General Fund Reserves discussed in more detail at Section 11 of this report.

10 Council Tax calculation

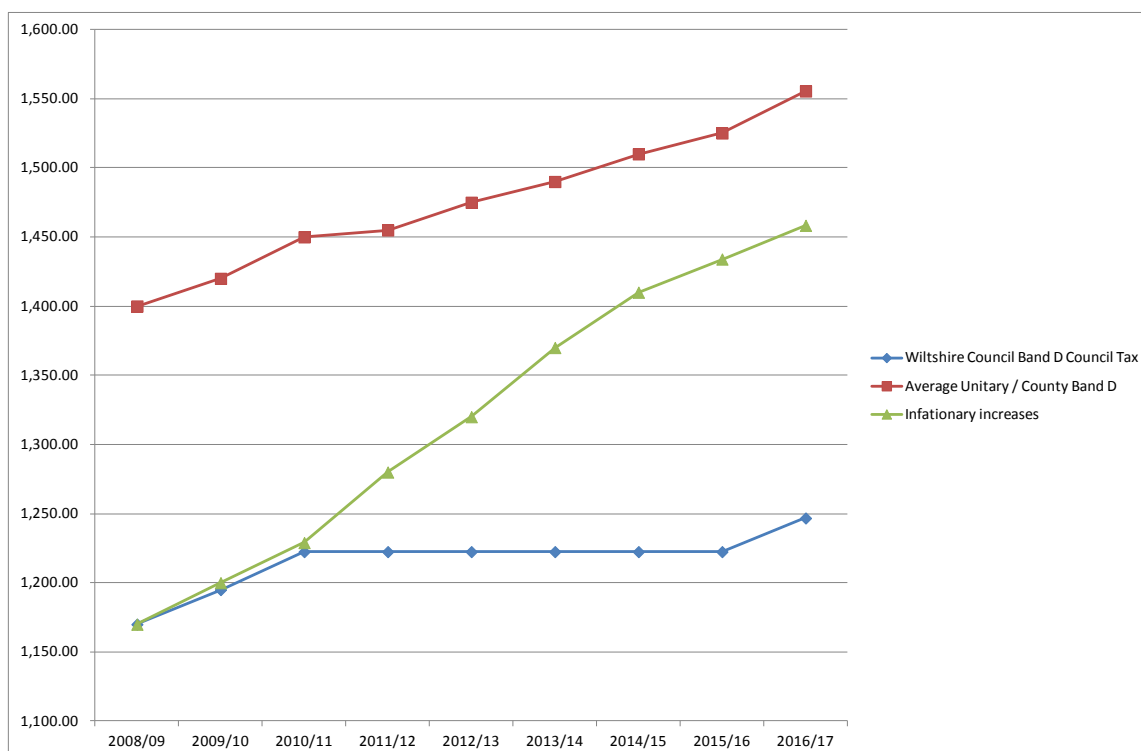
10.1 The overall position for 2016/17 reflected in this report is therefore:

| | <u>£m</u> | <u>£m</u> |
|--|-----------|------------------|
| 2015/16 Revised Base Budget | | 314.983 |
| Plus | | |
| <i>Medium term financial plan</i> - Net demand and inflation (paras 7.1) | 24.965 | |
| | | <u>339.948</u> |
| Less | | |
| <i>Savings & Income (as set out at Section 9):</i> | | (25.254) |
| Net movement in other grants | | (1.109) |
| | | <u>313.585</u> |
| Net budget requirement | | 313.585 |
| Financed by | | |
| • RSG (paragraphs 6.3 to 6.8) | | (34.726) |
| • Baseline Funding Business Rates Retention (paragraphs 6.3 to 6.8) | | (54.135) |
| • Social Care Levy at 2% (paragraphs 6.10 to 6.12) | | (4.322) |
| Amount to be found from the Collection fund through Council Tax | | (220.402) |

10.2 The Local Government Finance Act 1992 (as amended by the 2003 Act) sets out the powers and duties of the Council in setting the annual Council Tax. The key requirements under Part IV of the 1972 Act are that:

- Council Tax is set at Full Council – Section 33.
- Council Tax is set at a sufficient level to meet its proposed budget requirements for the ensuing year – Sections 32 and 33.
- The level of Council Tax is set before 11th March to enable circulation of Council Tax bills to enable people to pay on and after 1st April- Section 30(6).
- The Chief Finance Officer must report on the robustness of estimates and the proposed adequacy of reserves – Section 25.

- 10.3 The Government, through the DCLG Secretary of State, the Rt Hon Greg Clarke MP, reiterated in December 2014 that keeping Council Tax low remains a priority for the Government. As such Government has retained its powers to enable referendums where a council sets its Council Tax at or greater than 2%. The impact for Wiltshire is set out at Section 7 of this report.
- 10.4 The original assumptions employed in setting the 2011-12 to 2012-15 Financial Plan were that Council Tax for Wiltshire Council would be set as follows:
- 2010-11 0%
 - 2011-12 0%
 - 2012-13 0%
 - 2013-14 0%
 - 2014-15 0%
 - 2015-16 0%
 - 2016-17 1.99%
- 10.5 The proposals within Cabinet's report are that for 2016/17 there will be a 1.99% increase. This is a reflection of the ongoing reduction in Government funding and the pressures this Council faces to manage demand and rising costs. At this stage the Financial Plan has been updated and reflects a 1.99% increase in 2017/18, 2018/19 and 2019/20.
- 10.6 Overall this still means that in the last five years, Wiltshire residents have had one of the lowest national increases in Council Tax. This will, if this budget is approved, be the first increase in Council Tax by the Council since its inception as a Unitary Council. In which time it will have made nearly £110m of savings and efficiencies. This means the 1.99% rise when compared to an average national inflation for the same period of nearly 21.5% means a saving totalling £212 to the average household in 2016/17, and when compounded over the last seven years equates to a saving of £919.



10.7 Compared with similar and surrounding councils Wiltshire remains one of the lowest Council taxes:

| | 2015/16 Band D Council Tax Levels |
|---|-----------------------------------|
| Northumberland | £1,428.00 |
| Bristol | £1,419.00 |
| Dorset (<i>includes District average</i>) | £1,395.83 |
| Cheshire West | £1,275.00 |
| Cornwall | £1,294.00 |
| South Gloucester | £1,245.00 |
| Wiltshire | £1,222.43 |
| BANES | £1,201.85 |
| Somerset (<i>includes District average</i>) | £1,170.75 |

- 10.8 The Council is required to set a Council Tax sufficient to balance the Collection Fund account it maintains. Based on the projections at December Wiltshire Council's Collection Fund is forecast to be balanced and the NNDR deficit fully addressed. That results in a funding requirement in 2016/17 from Council Tax of (£220.402) million.
- 10.9 The Council has agreed that the average Band D tax base of 176,780.23 for 2016/17 ([Link - Item 144](#)). Given no draw on the Collection Fund, as identified in section 10.1 of this report, the net requirement is £220.402 million; The Band D Council Tax proposed for 2016/17 is thus £1,246.76 (£220.402 million divided by 176,780.23 tax base).
- 10.10 Across the bandings that equates to the following:

| Band A | Band B | Band C | Band D | Band E | Band F | Band G | Band H |
|--------|--------|---------|---------|---------|---------|---------|---------|
| £ | £ | £ | £ | £ | £ | £ | £ |
| 831.17 | 969.7 | 1108.23 | 1246.76 | 1523.82 | 1800.88 | 2077.93 | 2493.52 |

10.11 In addition the Social Care levy of 2% will be applied. The affect for each is set out in an appendix to Council within the Council Tax setting report on the same agenda to Full Council as this report.






- 10.12 The precept for Wiltshire Police and Wiltshire Fire and Rescue Service are expected to be set during the week before Council and as they were not finalised and approved before upload of these papers firstly no change to the Council Tax element for these precepts has yet been made in this report. Secondly therefore the revised figures will be confirmed at Council, although the assumed levels are set out in the Council Tax setting report on the same Council agenda as this paper.
- 10.13 In Wiltshire there are 256 parishes and town councils. Each of these bodies has precepting powers. Given the scale of the number of such councils, the detailed affect for each is set out in an appendix to Council within the Council Tax setting report on the same agenda to Full Council as this report. This report also shows the movement for each parish and town on top of that for Wiltshire Council, the Fire and Police organisations.
- 10.14 With reference to the changes reported to Cabinet 18th December 2012, relating to the local Council Tax Support Scheme, it is necessary to reiterate that as part of setting the budget and Council Tax requirement for 2016/17 Wiltshire Council has passed through part of its RSG, £0.121 million, to parish and town councils.

10.15 The Government did not announce a specific grant level in 2016/17 for this element of funding, as such consultation with Town and Parish councils took place in the autumn of 2013 with a report to Cabinet in November 2013 ([Link](#)). In line with that decision £0.121 million has been allocated as grant to Wiltshire’s local councils. We will continue to support the local councils in lobbying for this to be changed.

11 Assessment of reserves

11.1 The Council has had for a number of years a Strategic Risk Register and developed a Risk Framework to identify and monitor risks going forward. This register has continued to be updated during 2015/16, and has formed the platform in preparing the Section 151 Officer’s assessment of risk. Appendix 2 of this report summarises the significant financial risks arising from this assessment.

11.2 The total potential reserves required from this assessment is as follows:

| | 31 st March | | | | |
|--|---|---|--|---|---|
| | 2015 £ million | 2016 £ million | 2017 £ million | 2018 £ million | 2019 £ million |
| General Fund Reserve risk assessment – Appendix 2 | 10.2 | 8.4 | 9.5 | 10.5 | 11.0 |
| Current Projections (see Para 11.5) | 12.4 | 10.0 | 10.0 | 10.5 | 11.0 |
| Reserves sufficient |  |  |  |  |  |

11.2 The Council’s General Fund estimated reserve at 31 March 2015 based on the forecast outturn, at Section 3 of this report from the current forecast outturn is circa £10 million. This means the General Fund Reserve is in line with the revised recommended level, and future use of these funds are seen as a matter of last recourse given the low levels compared to other councils. The reserves are for use where other actions cannot deliver savings or urgent one of needs arise unexpectedly. The Council will seek to manage within resources by proposing alternative savings first rather than drawing on reserves which are only available as a one off and do not address recurring saving needs.

11.3 A review of the assumptions applied last year and the current level of reserves has resulted in the following changes being made:

- Service savings – the risk assessment continues to provide for non-delivery of savings, and the level of risk has been maintained as based on previous years experiences we have again seen 98%+ delivery of savings identified at this stage of year and other savings being found to match those that were not. The risk thus remains around corporate target risks and this has in part been covered thus in this allocation against the General Fund.
- There is still some uncertainty over future years funding with no a lack of clarity over future year settlements being negotiated with DCLG. However, it appears that our provisional settlement is perhaps a worst case scenario. However, there is a lack of clarity regarding business rates retention and risk. As such an element has been included to provide for a shortfall in NNDR funding in the coming and future years. Whilst there is a national scheme that provides for funding if this income falls and there is a sudden loss of above 7.25%. However, any loss on business rates where by less than 100% of the baseline to 92.25% is collected will be borne by the local authority. Also any negative changes in Council Tax Support allowance will be a risk for the Council to bear. As such an element of the General Fund is still required to reflect the ongoing risk of funding volatility.
- The Better Care Fund allocation to the Council for 2016/17 is assumed as 2015/16 (£10.277 million). As such this risk has been reduced.

11.4 As such, based on the assessment at Appendix 2 there is no further call on reserves in 2016/17 and £0.5 million can be released. In light of the future need for reserves and following the Transition Grant announcement as part of the final settlement, this will now not be drawn down and the gap funded from that grant as set out in paragraph 6.9, fourth bullet and as shown in appendix 1b. However, Members should note that, as the external environment of both the public sector and Wiltshire itself changes rapidly, so do the number of risks being identified and the likelihood of risks occurring are also increasing. The key risk identified this time as noted above is related to changes to care funding and the increasing volatility in both demand and the financial stability of external providers in 2016/17 and beyond.

11.5 As such the reserves for the following years are estimated / proposed as:

| | 31st March | | | |
|--|------------------------------|---------------------------|---------------------------|---------------------------|
| | 2015 £ million | 2016 £ million | 2017 £ million | 2018 £ million |
| Opening General Fund Reserve | 11.865 | 12.365 | 10.019 | 10.019 |
| Contribution to / (from) general fund reserves | (0.900) | (2.346) | 0 | 0.500 |
| Contribution (to) / from earmarked reserves for General Fund | 1.400 | 0 | 0 | 0 |
| Closing General Fund Reserve | 12.365 | 10.019 | 10.019 | 10.519 |

11.6 The “growth” assumption in the General Fund Reserve position in 2017/18 will be kept under continual review as part of the budget monitoring process.

11.7 An analysis of the other existing earmarked reserves has also been undertaken and the proposed movements and purpose of each is set out below. This identifies a small net change in the total for 2016/17 in line with the Financial Plan. This again is provided for in the four year Financial Plan.

| Earmarked Revenue Reserves | 31 st March | | | | | | Purpose |
|--|------------------------|-------------|-------------|------------|------------|------------|--|
| | 2014 £ m | 2015 £ m | 2016 £ m | 2017 £m | 2018 £m | 2019 £m | |
| PFI | 7.7 | 7.7 | 7.7 | 7.7 | 7.7 | 7.7 | To continue the forecast gap in future funding on the existing schools PFI schemes and to fund set up and bid costs for Housing and Adult Care Homes |
| Area Board Reserve | 0.2 | 0.035 | 0.0 | 0.0 | 0.0 | 0.0 | Does not include carry forward. |
| Elections Reserve | 0.2 | 0.4 | 0.6 | 0.8 | 0.0 | 0.2 | To fund elections every four years |
| Other | 3.0 | 1.1 | 1.0 | 0.5 | 0.1 | 0.0 | Single view of the customer. |
| Insurance | 4.2 | 3.5 | 3.5 | 3.5 | 3.2 | 4.0 | To provide for continued increases in costs arising from claims brought against the Council. |
| Core Strategy and Local Development Strategy | 0.0 | 0.4 | 0.4 | 0.4 | 0.0 | 0.0 | To fund the 2016/17 core strategy costs. |
| Council Tax Reduction Support | 0.0 | 0.2 | 0.2 | 0.0 | 0.0 | 0.0 | A fund was created to fund the potential debt arising to vulnerable unemployed working age adults. |
| Rural Transition Grant | n/a | n/a | n/a | 2.5 | 2.5 | 2.5 | A new fund as set out at paragraphs 6.10 & 6.11 of this report. |

11.8 The level of reserves overall are considered to be sufficient to meet potential risks and demonstrate a prudent level.

12 The impact on 2017/18 and future years

- 12.1 Government's final Settlement Announcement on 8th February 2016 sets out an indicative four year settlement for 2016-20. This sets out the Government's intention to reduce the Revenue Support Grant part of the Council's funding to nil by 2020. The settlement would mean a further 35% / £30.32 million reduction in the Council's funds, before decisions on Council Tax or Social Care levy from 2017 onwards, as follows:

| | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|--------------------------------------|--------------|--------------|--------------|--------------|
| | £m | £m | £m | £m |
| Revenue Support Grant (RSG) | 34.73 | 18.29 | 8.05 | 0.00 |
| Baseline Funding Level | 52.98 | 54.02 | 55.62 | 57.39 |
| Settlement Funding Assessment | 87.71 | 72.31 | 63.66 | 57.39 |

- 12.2 The reduction from 2015/16 to 2019/20 will be £48.75 million or 46%. As part of the reduction of the RSG it is noted that previous Council Tax Freeze grants which had been part of this element of the grant do not appear to have been kept, As such the Council has lost nearly £20 million of income opportunity over the decade so far by freezing Council Tax due the fact that the Government has included this grant in the declining RSG.
- 12.3 As part of the funding announcement, the Secretary of State invited councils to approach DCLG to negotiate settlements with the potential for greater retention locally of business rates (NNDR), although on the understanding of greater responsibilities. This offer fits with Wiltshire Council's devolution bid it submitted to DCLG in September 2015, and as such the Leader has indicated that the Council wishes to take up this offer. If this is accepted there will be negotiations with DCLG over the next nine months. Regular updates will be given to Council.
- 12.4 As such at this stage we have made only minor changes to our assumed longer term financial plan (2017-20) other than to amend it for changes in grant. Further updates will be brought to Council throughout 2016/17.

13 Legal advice

13.1 The Monitoring Officer considers that the proposals fulfil the statutory requirements set out below with regard to setting the amount of Council Tax for the forthcoming year and to set a balanced budget:-

- S30 (6) Local Government finance Act 1992 (the 1992 Act)
This section requires that Council Tax must be set before 11 March, in the financial year preceding that for which it is set.
- S32 the 1992 Act
This section sets out the calculations to be made in determining the budget requirements, including contingencies and financial reserves.
- S33 the 1992 Act
This section requires the Council to set a balanced budget.
- S25 (1) Local Governance Act 2003 (the 2003 Act)
The Chief Finance Officer of the Authority must report to it on the following matters:-
 - (a) the robustness of the estimates made for the purposes of the calculations; and
 - (b) the adequacy of the proposed financial reserves.
- S25 (2) the 2003 Act
When the Council is considering calculations under S32, it must have regard to a report of the Chief finance Officer concerning the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.
- The Local Authorities (Functions & Responsibilities) (England) Regulations 2000 (as amended)
These Regulations set out what are to be the respective functions of Council and of the Cabinet. With regard to the setting of the budget and Council Tax for the forthcoming year, Regulations provide that the Leader formulates the plan or strategy (in relation to the control of the Council's borrowing or capital expenditure) and the preparation of estimates of the amounts to be aggregated in making the calculations under S32 of the 1992 Act. However, the adoption of any such plan or strategy/calculations is the responsibility of (full) Council.

13.2 This report meets those requirements.

13.3 The legislation that governs local government is changing significantly and the business plan will be kept under review to see if changes are needed as the changes in legislation are made available and clarified.

14 HR advice

- 14.1 The Associate Director, People and Business Services has been involved in the process surrounding savings in the service areas and with human resource implications arising from the proposals. This has included / will include consultations with the trade unions in relation to the restructuring of services to deliver savings. Where restructuring of services proposes more than 20 redundancies a HR1 form for each service review has been / will be completed and sent to both the recognised trade unions and the Department of Business Innovation and Skills (BIS). Savings from service reviews are realised once consultation on each review is completed. There are processes in place to carry out further consistent consultations arising from other service saving proposals over the next 12 months where there are human resource implications.
- 14.2 The Council has had good negotiation and consultation relationships with the Trade Unions and negotiated revised terms and conditions in 2011. The pay increment freeze was lifted in 2014 and this and pay inflation of 1% has been included within the base budget assumptions, in line with the national pay negotiations and agreement.

15 Equalities assessment

- 15.1 The business plan sets out Wiltshire's approach to delivering stronger and more resilient communities, how it will interact with its customers and improve access to services and information. It contains specific investment to support vulnerable adults and children in Wiltshire. The equalities implications of the long term strategies already approved were considered as part of the development of those strategies.
- 15.2 In order for the Council to fulfil its legal requirements under the Public Sector Equality Duty, individual Equality Impact Assessments will be done on the delivery plans for the respective budget decisions at the stage when plans for implementation are drawn up. These will be made available to all Councillors during the decision making process so that the full equality implications of proposals are understood, inform final decisions and due regard is paid to the Equality Duty.

16 Environmental and climate change considerations

- 16.1 The plan and budget have been developed to support stronger and more resilient communities in Wiltshire.

17 Risk Assessment

- 17.1 The financial risk assessment that supports the 2016/17 budget is discussed at Appendix 2. Services have considered risk in developing the proposals for investment and savings shown in the financial plan and these will be reflected in their usual risk management arrangements.

- 17.2 The changes that have been made by the Government since May 2010 are significant, and further changes to the public sector are expected over the next few years. During 2016/17, we will need to consider whether further changes are needed to our structures and arrangements once the full details of legislative changes have been disclosed by the Government.
- 17.3 Also, we have only received a provisional four year financial settlement and the business plan may need to change once / if a revised negotiated settlement for 2017-20 is agreed.
- 17.4 There is a risk that budget proposals will impact on delivery of the Council's Business Plan. Thematic plans are being developed as the delivery vehicle for each outcome in the Business Plan and these will be revised to take account of budget decisions and ensure that the Council is able to deliver to deliver the outcomes and key actions of the Business Plan 2013-17.

18 Financial Implications

- 18.1 In accordance with Section 25 of the Local Government Act 2003 and CIPFA Code of Practice, this section of the report sets out the Section 151 Officer's assessment of the major areas of risk in the 2016/17 base budgets / Medium Term Financial Plan, and recommended budget options. It is presented in order to provide Members with assurances about the robustness of assumptions made, and to assist them in discharging their governance and monitoring roles during the forthcoming year.
- 18.2 Members are required under the 2003 Act to have regard to the Chief Financial Officer's report when making decisions about the budget calculations.
- 18.3 Section 25 of the Act also covers budget monitoring and this is a procedure which also helps to confirm the robustness of budgets. Current financial performance is taken into account in assessing the possible impact of existing pressures on the new year budgets. It also provides early indications of potential problems in managing the current year budget so that appropriate action may be taken. Members are asked to note therefore that the balanced budget forecast, has been included in our risk based assessment for balances. Budget monitoring is reinforced through close financial support to managers and services. These processes and controls will continue to be built upon for 2016/17, to maintain tight financial control.

18.4 In assessing the assumptions in the setting of the 2016/17 Council Tax, chief officers have provided details of their service responsibilities and aims, together with explanations of current pressures and other issues. These narratives were set alongside each Associate Director and Head of Service's base budget calculations to put the figures in context and to help inform the formulation of this budget and the Council's proposed Business Plan. My assessment of all this information, following the risk assessment set out, is that the budget calculations are fair and robust, and reserves are adequate to reflect known circumstances.

- **Assumptions around the base budget**

18.5 2016/17 will be the seventh budget set for the new unitary Wiltshire Council. The economic downturn has started to be reversed although growth is marginal and sector specific, as such the original assumptions around income growth in areas such as car parking have been amended to reflect the latest known position.

18.6 The financial assumptions are set out in detail in Appendix 1D. These take account of key factors such as demographic and inflation rates of change.

19 Corporate Directors advice

19.1 The process of determining the budget process and co-ordinating the saving and investment proposals has been led by the Corporate Directors working with Cabinet in order to ensure that they agreed that that budget proposals were deliverable and that they could advise Council to this affect. As such the Corporate Directors confirm that all of the proposals set out in this report and related appendices can and will be delivered.

20 Conclusions

20.1 The Council's business plan, supported by its financial plan 2014-18 and the budget for 2016/17 sets a clear direction for the coming years, and the budget proposals within that are robust. The Council is thus assessed as financially viable with sound and strong financial standing.

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Date of report: 12th February 2016

Background Papers:

The following unpublished documents have been relied on in the preparation of this report:

Various budget working papers in services
Business & Financial plans 2014-18

Appendices

1 – Cabinet’s Updated Business & Financial plans 2013-15, which includes budget proposals for 2016/17 and budget book

Appendix 1A – Financial Plan Update 2016-2020

Appendix 1B – Service Budget summary

Appendix 1C – 2016/17 Individual Service Budget Books

Appendix 1D – Assumptions used to set the budget

Appendix 1E – Capital Programme

Appendix 1F – Housing Revenue Account

Appendix 1G – Fees and Charges

2- General Fund Reserves assessment

3 - Consultations Feedback

- I. Schools Forum – 14th January 2016**
- II. Housing Board – 25th January 2016**
- III. Overview and Scrutiny Management Committee – 3rd February 2016**
- IV. Group Leaders JCC – 4th February 2016**
- V. Cabinet Minutes 9th February**
- VI. Public meetings – 1st to 10th February 2016**

Cabinet proposed update to the Financial Plan 2016-2020

| <i>High Level MTFS 4 Year Financial Model</i> | 2016-2017 Approved Financial Plan | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 |
|---|--|-----------------|-----------------|-----------------|-----------------|
| | £m | £m | £m | £m | £m |
| Funding Changes | | | | | |
| Increase in Council Tax | (220.402) | (4.386) | (4.470) | (4.606) | (4.744) |
| Social Care Levy | (4.322) | (4.541) | (4.676) | (4.816) | (4.960) |
| Council Tax base growth | | (2.248) | (2.315) | (2.384) | (2.456) |
| Council Tax Reduction Scheme | | 0.000 | 0.000 | 0.000 | 0.000 |
| Council Tax Freeze Grant 2015/16 | | 0.000 | 0.000 | 0.000 | 0.000 |
| RSG/ Formula Grant | (34.726) | 16.436 | 10.240 | 8.050 | 0.000 |
| Rates Retention | (54.135) | (1.641) | (1.691) | (1.724) | (1.776) |
| Collection Fund | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Other Central Grants including Educational Service Grant | | 0.000 | 0.000 | 0.000 | 0.000 |
| Total Funding Changes | (313.585) | 3.620 | (2.912) | (5.480) | (13.936) |
| Other income changes in Plan | | | | | |
| New Homes Bonus Income changes | | 1.841 | 0.000 | 0.000 | 0.000 |
| Fees and charges Income | | (1.401) | (1.405) | (1.408) | (1.411) |
| Parish Council Local Council Tax Support | | (0.121) | 0.000 | 0.000 | 0.000 |
| Educational Support Grant | | 1.819 | 0.767 | 1.007 | 0.000 |
| NHS Funding for social care | | 0.000 | 0.000 | 0.000 | 0.000 |
| Rural Services Grant | | 0.000 | 0.000 | 0.000 | 0.000 |
| Total Savings Changes | | 2.138 | (0.638) | (0.401) | (1.411) |
| Investment per Business Plan and demand/demography | | | | | |
| Priority 1: Highways | | 2.700 | 0.000 | 0.000 | 0.000 |
| Priority 2: Stimulate economic growth | | | | | |
| Priority 3: Innovative Community led approaches | | | | | |
| Priority 4: Improving attainment and skills of Young Children | | | | | |
| Priority 5: Support the most vulnerable in our society | | | | | |
| Adult Care | | 7.000 | 8.500 | 9.500 | 11.500 |
| Children & Families | | 3.500 | 3.500 | 2.500 | 2.500 |
| Priority 6: Investing in council houses | | | | | |
| Priority 7: Military Civil integration | | | | | |
| Priority 8: Delegate land to Parish & Town Councils | | | | | |
| Priority 9: Create Campuses | | | | | |
| Priority 10: Integrate Public Health | | | | | |
| Priority 11: Develop the skill of our workforce and councillors | | | | | |
| Investment carried forward from 2012-2015 Business Plan | | | | | |
| Waste | | 2.000 | 2.000 | 2.000 | 2.000 |
| Corporate growth | | | | | |
| Staffing - pay | | 4.010 | 4.131 | 4.253 | 4.382 |
| Inflation - general (not split to services) | | 10.000 | 10.000 | 10.000 | 10.000 |
| Pension Backfunding | | 0.570 | 0.627 | 0.690 | 0.759 |
| Cost of admission in pension scheme | | 0.000 | 0.000 | 0.000 | 0.000 |
| Movement to/from Reserves | | 0.000 | | | |
| Capital Financing to fund current capital program, including campuses | | 4.395 | 4.000 | 4.000 | 4.000 |
| Total Growth Changes | | 34.175 | 32.758 | 32.943 | 35.141 |
| TOTAL COST REDUCTION PLAN REQUIRED | | 39.933 | 29.208 | 27.062 | 19.794 |
| Priority 12: Realign our resources and secure VFM | | | | | |
| Savings to be allocated | | (39.933) | (29.208) | (27.062) | (19.794) |
| TOTAL COST REDUCTION PLAN | | (39.933) | (29.208) | (27.062) | (19.794) |

Service Budget summary (page 1 of 2)

Appendix 1B

| Service Line | Revised 2015-16 Net Base Budget | Total 2016-2017 Growth | Other Movements | Total Savings | Net Budget after saving 2016-17 |
|--|---------------------------------|------------------------|---|-------------------------|---------------------------------|
| | £m | £m | £m | £m | £m |
| Adult Social Care Operations | | | | | |
| Older People | 49.987 | 4.871 | | (3.837) | 51.476 |
| Other Vulnerable Adults | 11.556 | 0.147 | | 0.000 | 11.703 |
| Mental Health | 22.048 | 0.982 | | 0.000 | 23.187 |
| Adult Care Commissioning, Housing, Adult Safeguarding | | | | | |
| Resources, Strategy & Commissioning | 1.651 | | | (0.263) | 1.463 |
| Housing Services | 4.174 | 0.250 | | (0.350) | 4.159 |
| Public Health & Public Protection | | | | | |
| Public Health Grant spend | 16.108 | | 2.161 | 2.161 | 18.269 |
| Public Health Grant | (16.108) | 0.000 | (2.161) | (2.161) | (18.269) |
| Other Public Health & Public Protection | 2.904 | | | (0.582) | 2.506 |
| Leisure | 0.580 | | | (0.150) | 0.621 |
| Operational Children's Services | | | | | |
| Children's Social Care | 30.506 | 2.032 | | (1.903) | 31.264 |
| 0-25 Service: Disabled Children & Adults | 12.807 | 3.250 | | (0.848) | 15.600 |
| Early Help | 2.267 | | | (0.504) | 1.983 |
| Learning Disability | | | | | |
| Learning Disability | 45.269 | 1.800 | | (0.150) | 47.193 |
| Quality Assurance, Commissioning & Performance | | | | | |
| School Effectiveness | 1.864 | 0.521 | | (0.420) | 2.081 |
| Business & Commercial Services (closed) | 0.000 | | | 0.000 | 0.000 |
| Safeguarding | 1.315 | | | 0.000 | 1.387 |
| Funding Schools | 0.000 | | | 0.000 | 0.000 |
| Commissioning and Performance | 8.473 | 0.374 | | (0.899) | 8.070 |
| Economy and Planning | | | | | |
| Economy and Planning | 4.207 | | | (1.011) | 3.617 |
| Highways and Transport | | | | | |
| Highways | 13.911 | 3.350 | | (0.470) | 17.028 |
| Transport | 17.437 | | | (0.380) | 17.107 |
| Car Parking | (6.103) | | | 0.000 | (6.040) |
| Environment and Leisure | | | | | |
| Waste | 32.236 | 0.900 | | (0.505) | 32.869 |
| Environment Services | 4.538 | | | (0.665) | 4.011 |
| Communications, Community Area Boards, Libraries, Heritage & Arts | | | | | |
| Communications and Marketing | 1.396 | | | (0.360) | 1.108 |
| Communities, Area Boards and Health & Wellbeing Centres | 1.916 | 0.350 | | (0.496) | 1.853 |
| Libraries, Heritage & Arts | 3.671 | 0.150 | | (1.102) | 2.912 |
| Corporate Function & Procurement | | | | | |
| Corporate Function & Procurement | 5.214 | | | (0.598) | 4.877 |
| Finance | | | | | |
| Finance, Revenues & Benefits & Pensions | 2.818 | | 0.771 | (0.017) | 3.117 |
| Revenues & Benefits - Subsidy | 0.000 | | | (0.500) | (0.500) |
| Legal & Governance | | | | | |
| Legal & Governance | 2.353 | 0.400 | | (0.436) | 2.507 |
| People & Business Services | | | | | |
| HR & Organisational Development | 3.213 | | | (0.241) | 3.192 |
| Business Services | 3.370 | | | (0.170) | 3.361 |
| Strategic Asset & Facilities Management | 12.154 | | | (0.475) | 11.811 |
| Information Services | 10.291 | 0.600 | | (0.830) | 10.287 |
| Corporate Directors | | | | | |
| Corporate Directors | 0.801 | | | 0.000 | 0.827 |
| Members | 2.006 | | | 0.000 | 2.006 |
| | 0.000 | | | 0.000 | 0.000 |
| Councils Net Spend on Services | 310.830 | 19.977 | 0.771 | (18.162) | 318.643 |
| Movement on Reserves | | | | | |
| Movement on Reserves | 0.000 | 0.000 | | 0.000 | 0.000 |
| Capital Financing | 23.199 | | 2.000 | 0.700 | 23.899 |
| Corporate Levys | 7.859 | | | 0.000 | 7.859 |
| Redundancy Costs | 3.396 | | | (2.000) | 1.396 |
| Investment: Economy and one off saving | 0.000 | | | 0.000 | 0.000 |
| Corporate targets | 0.000 | 0.000 | 0.500 | (2.250) | (2.250) |
| Inflation general | 0.931 | 4.988 | | 0.079 | 0.000 |
| Cross Cutting | (0.183) | | 2.513 | 2.163 | 1.980 |
| Corporate Investment & Costs | 35.202 | 4.988 | 5.013 | (1.308) | 32.884 |
| Parish Council Local Council Tax Support | 0.521 | | (0.400) | (0.400) | 0.121 |
| New Homes Bonus | (14.451) | | (3.429) | (3.429) | (17.880) |
| Early Intervention Grant | 0.000 | | | 0.000 | 0.000 |
| Learning Disability Grant | 0.000 | | | 0.000 | 0.000 |
| Rural Services Grant | 0.000 | | (3.296) | (3.296) | (3.296) |
| Educational Support Grant | (4.442) | | 0.849 | 0.849 | (3.593) |
| NHS Funding for social care (BCF and new burdens) | (12.677) | | 2.400 | 2.400 | (10.277) |
| Benefit Admin | 0.000 | | | 0.000 | 0.000 |
| Transitional Grant | 0.000 | | (3.017) | (3.017) | (3.017) |
| Un-ringfenced Specific Grants | (31.049) | 0.000 | (6.893) | (6.893) | (37.942) |
| Councils Budget Requirement | 314.983 | 24.965 | (1.109) | (26.363) | 313.585 |
| | | | Funding 2015/2016 | Funding Movement | Funding 2016/2017 |
| Funding | | | | | |
| Council Tax Requirement | | | (208.843) | (11.559) | (220.402) |
| Social Care Levy | | | 0.000 | (4.322) | (4.322) |
| Council Tax Freeze Grant 2013-14 | | | 0.000 | 0.000 | 0.000 |
| Council Tax Freeze Grant 2014-15 | | | 0.000 | 0.000 | 0.000 |
| Council Tax Freeze Grant 2015-16 | | | (2.248) | 2.248 | 0.000 |
| RSG/ Formula Grant | | | (51.350) | 16.624 | (34.726) |
| Rates Retention | | | (52.542) | (1.593) | (54.135) |
| Collection Fund | | | 0.000 | 0.000 | 0.000 |
| Business Rates Grant | | | 0.000 | 0.000 | 0.000 |
| Unused New Homes Bonus/ NHB top slice | | | 0.000 | 0.000 | 0.000 |
| Returned Damping | | | 0.000 | 0.000 | 0.000 |
| Total Funding | | | (314.983) | 1.398 | (313.585) |
| GAP (Funding v Budget Requirement) | | | | | 0.000 |
| | | | GAP (Funding v Budget Requirement) | | 0.000 |

| Reconciliations | 2015/16 | 2016/17 | Difference |
|------------------------------------|----------------|----------------|---------------|
| Other grants | 31.049 | 32.429 | +1.380 |
| Movement in net budget requirement | 314,983 | 313.585 | -1.398 |
| Overall funding movement | 346.032 | 346.014 | -0.018 |

2016/17 Individual Service Budget Book

See full book in excel spreadsheet attached

Pages 71-108

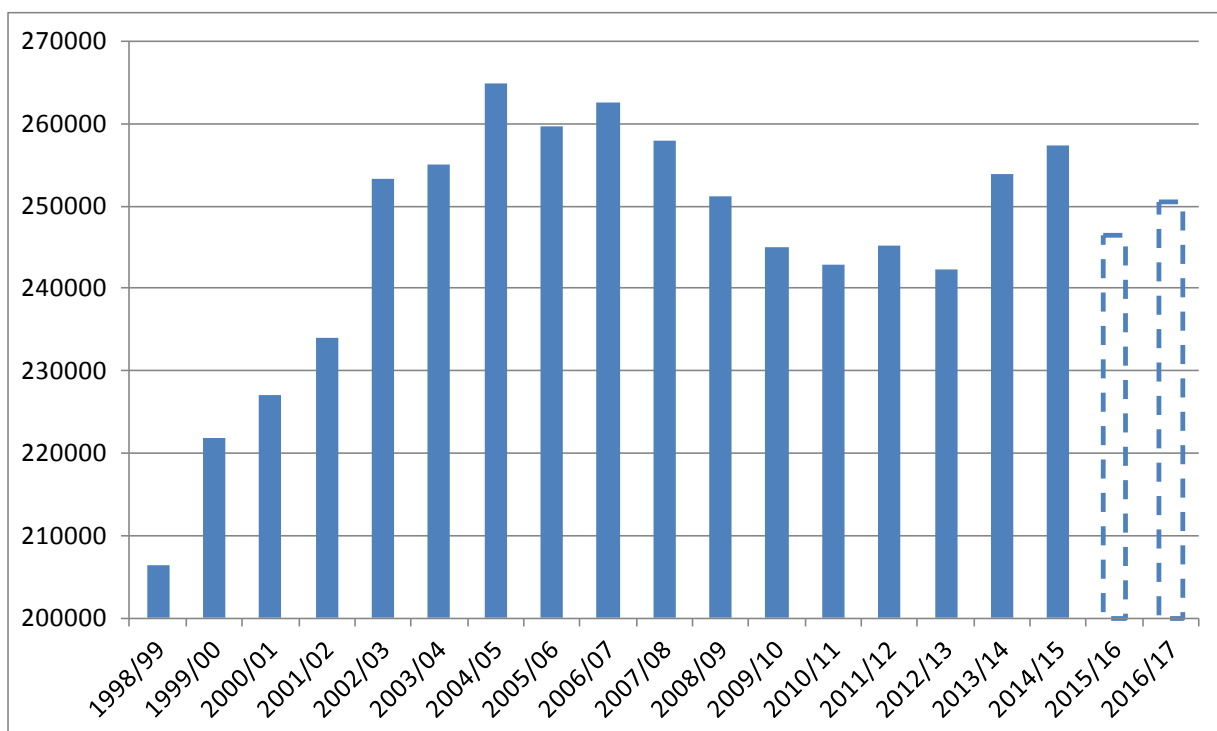
Assumptions used to set the budget

The updated four year Financial Plan has been compiled as set out in Section 2 of the report. It includes the following assumptions

- **Pay** – 1 per cent average pay award for all groups of employees, unless specifically noted as an exception.

- **Demand** – Projections have been based on prior year trends and known or anticipated movement in 2016/17, specifically:
 - Demographic increases for older people of 2.2 per cent and for mental health older adults of 4 per cent in 2016/17 (based on the latest demographic data available)
 - Child care placements - standstill in placements, additional spread throughout the year
 - Waste – The total waste managed by the Council fell from a peak of almost 265,000 tonnes in 2004-05 to a recent low of 242,400 in 2012-13. Since this time waste has grown with an increase in 2013-14 of 4.78% and in 2014-15 of 1.4%. However, based on figures to December 2015, the Council is projecting a reduction for the current year of 4% for 2015-16 giving a total of 247,000 tonnes. This is due to a reduction in garden waste collected following the introduction of charges and a reduction in tonnes of waste delivered to household recycling centres following the reduction in opening hours. Having taken these reductions into account and applying the underlying growth rate of 2.6% gives a projected total for 2016-17 of 253,500 tonnes.

Waste growth since 1998-99



- **Inflation** – In general an inflation pressure of 0 per cent has been applied to costs unless there is specific evidence of higher/lower increases due to contractual commitments.
- **Contract inflation** – in general no uplift has been applied for contract inflation, although certain contract renewals / re-tenders in Highways and Adult Care have been set at the re-tendered level that has introduced revised pressures.
- **Interest rates** – the cost of borrowing has been assumed at an average rate of 4 per cent; and investment income at an average of 0.5 per cent.

The assumptions around future years' figures are set out in the schedule below:

- Service Budgets have been rolled forward and reflect the future year impact of 2016/17 spending requirements and savings proposals as set out in this report. They also include pay award assumed at 1 per cent and 1 per cent per annum for 2017-19 respectively.

- Assumed 1 per cent increase in employer's superannuation rates for 2016/17 to 2017/18 following the triennial valuation of the fund in 2013. Recent proposals to change the Local Government Pension Scheme have been built into this assessment. This will continue to be reassessed following national announcements.
- Costs of servicing existing debt and additional borrowing requirement reflect proposed future capital expenditure.
- The running costs arising from the capital schemes, including additional provision for campuses, highways, waste and broadband, have been accounted for based on current profiles within the capital programme

Capital Programme, page 1 of 2

Appendix 1E

| Scheme Name | | | | | | | Funding Available | | | | | |
|--|-----------------------------|--------------------------------|----------------|----------------|------------------|----------------|--------------------------|------------------|-------------------|-------------------|-------------------------|----------------|
| | Forecast Budget c/f 2015/16 | Budget 2016/17 (excluding c/f) | Budget 2017/18 | Budget 2018/19 | Budget 2019/2020 | Total Budget | Grants and Contributions | Capital Receipts | Borrowing 2016/17 | Borrowing 2017-20 | Total Borrowing 2016-20 | Total Funding |
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Economy | | | | | | | | | | | | |
| Carbon Reduction | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Oil to Biomass | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Other Economic Development Schemes | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| UTC - Wilton Rd Police Station Site | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Army Rebasing | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| SEP | | 1.582 | 2.000 | 2.000 | 2.000 | 7.582 | 1.582 | 0.000 | 0.000 | 6.000 | 6.000 | 7.582 |
| A429 Malmesbury Access Improvements | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Chippenham Station HUB | | 0.100 | 2.500 | 7.900 | 10.000 | 20.500 | 20.500 | 0.000 | 0.000 | 0.000 | 0.000 | 20.500 |
| LTB Scheme A350 North of Chippenham Bypass Improvements | | 1.177 | 0.500 | 0.000 | 0.000 | 1.677 | 0.000 | 1.177 | 0.000 | 0.500 | 0.500 | 1.677 |
| A350 Dualling Chippenham Bypass | | 0.000 | 3.660 | 0.000 | 0.000 | 3.660 | 3.660 | 0.000 | 0.000 | 0.000 | 0.000 | 3.660 |
| Porton Science Park | 4.900 | 0.000 | 1.867 | 0.500 | 0.500 | 7.767 | 4.367 | 0.000 | 0.000 | 3.400 | 3.400 | 7.767 |
| Creating Growth through knowledge | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Bowerhill Portal Way Improvements Works | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Integrated Transport | 0.520 | 2.718 | 2.181 | 2.000 | 2.000 | 9.419 | 8.000 | 0.000 | 0.000 | 1.419 | 1.419 | 9.419 |
| Additional Borrowing required to take total Structural Maintenance to £21m | (2.500) | 7.238 | 7.738 | 8.000 | 10.000 | 30.476 | 0.000 | 8.000 | 0.000 | 22.476 | 22.476 | 30.476 |
| Structural Maintenance Grant Funded | | 13.262 | 13.262 | 13.262 | 13.262 | 53.048 | 53.048 | 0.000 | 0.000 | 0.000 | 0.000 | 53.048 |
| Pothole fund government - grant | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Additional Highways Work | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| A350 Chippenham Pinch Point | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Local Sustainable Transport Fund | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Wiltshire Online | 0.035 | 7.004 | 1.106 | 0.000 | 0.000 | 8.145 | 2.799 | 4.346 | 1.000 | 0.000 | 1.000 | 8.145 |
| Farmers Roundabout | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Total Economy | 2.955 | 33.081 | 34.814 | 33.662 | 37.762 | 142.274 | 93.956 | 13.523 | 1.000 | 33.795 | 34.795 | 142.274 |
| Community | | | | | | | | | | | | |
| Health and Well Being Centres (Formerly Campus) - Live Schemes | 11.734 | 8.000 | 12.435 | 15.000 | 12.000 | 59.169 | 0.000 | 15.000 | 0.000 | 44.169 | 44.169 | 59.169 |
| Health and Well Being Centres (Formerly Campus) - In Development | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Area Boards grants | | 0.900 | 0.800 | 0.800 | 0.800 | 3.300 | 0.000 | 1.900 | 0.000 | 1.400 | 1.400 | 3.300 |
| Fitness Equipment for Leisure Centres | | 0.000 | 0.500 | 0.000 | 0.000 | 1.000 | 0.000 | 1.000 | 0.000 | 0.000 | 0.000 | 1.000 |
| Churchyards & Cemeteries | 0.557 | 0.000 | 0.000 | 0.000 | 0.000 | 0.557 | 0.000 | 0.557 | 0.000 | 0.000 | 0.000 | 0.557 |
| Libraries, Arts & Heritage | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Start up units in Market Hall Devises | | 0.000 | 0.100 | 0.000 | 0.000 | 0.100 | 0.000 | 0.100 | 0.000 | 0.000 | 0.000 | 0.100 |
| Fuelling facilities at Riverway Depot | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Upgrade Facilities at City Hall | | 0.000 | 0.250 | 0.000 | 0.000 | 0.250 | 0.250 | 0.000 | 0.000 | 0.000 | 0.000 | 0.250 |
| Highways Severe Weather Recovery Scheme | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Highway flooding prevention and Land Drainage schemes | | 0.500 | 0.500 | 0.500 | 0.500 | 2.000 | 0.500 | 1.500 | 0.000 | 0.000 | 0.000 | 2.000 |
| Aldbourne Flood Alleviation Scheme | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Flooding Repairs & Renewal | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Bridges | | 3.500 | 3.000 | 3.000 | 3.000 | 12.500 | 12.500 | 0.000 | 0.000 | 0.000 | 0.000 | 12.500 |
| Street lighting | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Salisbury Vision | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Parade: Transport Capital | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Waste Services | 0.066 | 0.500 | 0.300 | 0.300 | 0.300 | 1.466 | 1.466 | 0.000 | 0.000 | 0.000 | 0.000 | 1.466 |
| Waste Black Boxes | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Fleet Vehicles | (0.600) | 0.100 | 0.300 | 0.300 | 0.300 | 0.400 | 0.000 | 0.400 | 0.000 | 0.000 | 0.000 | 0.400 |
| Sarum Academy Salisbury | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Additional Accommodation (Basic Need) | 2.275 | 11.721 | 15.971 | 5.701 | 5.701 | 41.369 | 41.369 | 0.000 | 0.000 | 0.000 | 0.000 | 41.369 |
| NDS Maintenance & Modernisation | 0.230 | 0.334 | 3.916 | 3.916 | 3.916 | 21.312 | 21.312 | 0.000 | 0.000 | 0.000 | 0.000 | 21.312 |
| Devolved Formula Capital | | 0.800 | 0.750 | 0.650 | 0.650 | 2.900 | 2.900 | 0.000 | 0.000 | 0.000 | 0.000 | 2.900 |
| Access and Inclusion | 0.050 | 0.200 | 0.100 | 0.000 | 0.000 | 0.350 | 0.350 | 0.000 | 0.000 | 0.000 | 0.000 | 0.350 |
| DCSF Targeted Capital 14-19 SEN | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Other Projects New Schools | 0.600 | 0.450 | 0.000 | 0.000 | 0.000 | 1.050 | 1.050 | 0.000 | 0.000 | 0.000 | 0.000 | 1.050 |
| School Expansion & Replacements | 0.141 | 0.300 | 0.000 | 0.000 | 0.000 | 0.441 | 0.441 | 0.000 | 0.000 | 0.000 | 0.000 | 0.441 |
| Early Years and Childcare | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Other Education Schemes | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Army Rebasing | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Salisbury CCTV | 0.005 | 0.495 | 0.000 | 0.000 | 0.000 | 0.500 | 0.000 | 0.500 | 0.000 | 0.000 | 0.000 | 0.500 |
| Total Community | 15.058 | 36.800 | 38.922 | 30.717 | 27.167 | 148.664 | 82.138 | 20.957 | 0.000 | 45.569 | 45.569 | 148.664 |

Capital Programme, page 2 of 2

Appendix 1E

| Scheme Name | Forecast Budget | | | | | Funding Available | | | | | | |
|---|-----------------------------|--------------------------------|----------------|----------------|------------------|-------------------|--------------------------|------------------|-------------------|-------------------|-------------------------|----------------|
| | Forecast Budget c/f 2015/16 | Budget 2016/17 (excluding c/f) | Budget 2017/18 | Budget 2018/19 | Budget 2019/2020 | Total Budget | Grants and Contributions | Capital Receipts | Borrowing 2016/17 | Borrowing 2017-20 | Total Borrowing 2016-20 | Total Funding |
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Supporting People | | | | | | | | | | | | |
| Disabled Facilities Grants | | 1.000 | 1.000 | 1.000 | 1.000 | 4.000 | 4.000 | 0.000 | 0.000 | 0.000 | 0.000 | 4.000 |
| Housing Grants (Private Sector e.g. Energy Efficiency) | | 0.500 | 0.448 | 0.000 | 0.000 | 0.948 | 0.000 | 0.948 | 0.000 | 0.000 | 0.000 | 0.948 |
| Gypsy and Traveller sites | 3.180 | 0.000 | 0.638 | 0.000 | 0.000 | 3.818 | 2.180 | 1.638 | 0.000 | 0.000 | 0.000 | 3.818 |
| Council House Building Programme | 11.239 | 19.317 | 8.082 | 0.000 | 0.000 | 38.638 | 38.638 | 0.000 | 0.000 | 0.000 | 0.000 | 38.638 |
| Extra Care Programme | | 0.000 | 0.000 | | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Other | | 0.000 | 0.000 | | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Sheltered Housing | | 0.055 | 0.000 | 0.000 | 0.000 | 0.055 | 0.055 | 0.000 | 0.000 | 0.000 | 0.000 | 0.055 |
| Affordable Housing (including Commuted Sums) | 0.937 | 0.000 | 0.000 | 0.000 | 0.000 | 0.937 | 0.937 | 0.000 | 0.000 | 0.000 | 0.000 | 0.937 |
| New housing | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Adult Social Care | 2.866 | 1.000 | 1.000 | 0.000 | 0.000 | 4.866 | 4.866 | 0.000 | 0.000 | 0.000 | 0.000 | 4.866 |
| Complex Needs | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| HRA - refurbishment of council stock | | 11.938 | 10.973 | 4.923 | 4.923 | 32.757 | 32.757 | 0.000 | 0.000 | 0.000 | 0.000 | 32.757 |
| NEW Universal infant free school meals capital 2014-15 | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Public Health | 0.319 | 0.000 | 0.000 | 0.000 | 0.000 | 0.319 | 0.319 | 0.000 | 0.000 | 0.000 | 0.000 | 0.319 |
| Total Supporting People | 18.541 | 33.810 | 22.141 | 5.923 | 5.923 | 86.338 | 83.752 | 2.586 | 0.000 | 0.000 | 0.000 | 86.338 |
| Changing The Way We Do Business | | | | | | | | | | | | |
| Buildings Planned Maintenance (non CAOD) | 0.215 | 2.500 | 2.500 | 2.500 | 2.285 | 10.000 | 0.000 | 5.000 | 0.000 | 5.000 | 5.000 | 10.000 |
| Rural Estates | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Whole Life Building and Equipment Refresh | 0.500 | 0.500 | 0.500 | 0.500 | 0.000 | 2.000 | 1.000 | 0.000 | 0.000 | 1.000 | 1.000 | 2.000 |
| Leisure Centres & Libraries - Capital Works Requirement | 0.400 | 0.000 | 0.600 | 2.000 | 0.300 | 3.300 | 0.000 | 2.000 | 0.000 | 1.300 | 1.300 | 3.300 |
| Hub Programme Office rationalisation | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Operational Estate | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Depot Strategy | | 0.000 | 0.000 | 2.000 | 2.000 | 4.000 | 0.000 | 4.000 | 0.000 | 0.000 | 0.000 | 4.000 |
| ICT Schemes | | 2.892 | 3.080 | 1.000 | 1.000 | 7.972 | 0.000 | 4.972 | 0.000 | 3.000 | 3.000 | 7.972 |
| Cross Departmental Initiatives System Developments | | 1.000 | 1.500 | 0.000 | 0.000 | 2.500 | 0.000 | 1.000 | 0.000 | 1.500 | 1.500 | 2.500 |
| Learning Management System | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Organisational Change | | 5.000 | 5.000 | 5.000 | 3.000 | 18.000 | 0.000 | 18.000 | 0.000 | 0.000 | 0.000 | 18.000 |
| Digitisation | | 1.000 | 5.000 | 5.000 | 5.000 | 16.000 | 0.000 | 8.000 | 0.000 | 8.000 | 8.000 | 16.000 |
| Total Changing The Way We Do Business | 1.115 | 12.892 | 18.180 | 18.000 | 13.585 | 63.772 | 1.000 | 42.972 | 0.000 | 19.800 | 19.800 | 63.772 |
| Total Capital Programme | 37.669 | 116.583 | 114.057 | 88.302 | 84.437 | 441.048 | 260.846 | 80.038 | 1.000 | 99.164 | 100.164 | 441.048 |
| Grants | 17.503 | 60.668 | 42.232 | 28.202 | 23.232 | 171.837 | | | | | | |
| S106/CIL | 5.469 | 0.488 | 3.515 | - | - | 9.472 | | | | | | |
| 3rd Party | 0.997 | 1.683 | 7.000 | - | - | 9.680 | | | | | | |
| HRA | 13.700 | 32.147 | 18.310 | 3.000 | 3.000 | 70.157 | | | | | | |
| Capital Receipts | | 20.997 | 20.000 | 37.000 | 19.041 | 80.038 | | | | | | |
| Borrowing | 0.000 | 1.000 | 23.000 | 37.000 | 39.164 | 100.164 | | | | | | |
| Total Funding | 37.669 | 116.983 | 114.057 | 88.202 | 84.437 | 441.348 | | | | | | |

Note cells in grey – 2018 to 2020 grants and other contributions estimates at this stage

Housing Revenue Account

| 2014/2015 | | 2015/2016 | 2016/2017 |
|---------------------|--------------------------------------|---------------------|---------------------|
| Actual Outturn | Service | Revised Budget | Proposed Budget |
| £ | | £ | £ |
| | HRA Expenditure | | |
| 132,334 | Provision for Bad Debt | 250,000 | 250,000 |
| 13,835,148 | Capital Financing Costs | 13,986,000 | 13,986,000 |
| 6,154,599 | Repairs and Maintenance | 5,515,500 | 5,515,500 |
| 636,799 | Supervision & Management Special | 270,400 | 270,400 |
| 2,948,187 | Supervision & Management General | 3,556,200 | 3,686,900 |
| 23,707,067 | | 23,578,100 | 23,708,800 |
| | Housing Income | | |
| (136,138) | Interest | (140,000) | (140,000) |
| (24,824,931) | Rents | (24,936,000) | (24,543,370) |
| (24,961,069) | | (25,076,000) | (24,683,370) |
| | | | |
| (1,254,002) | Total Housing Revenue Account | (1,497,900) | (974,570) |

Appendix 1G – Fees and Charges

Pages 109-156

See attached spreadsheet

General Fund Reserve Risk Assessment

| No. | Year | Risk Event | Low = 0% - 25% | | Risk % | Potential Net Financial Impact £,000s | Reserve Requirement | | | |
|-----|---------|--|--------------------|-------------------|--------|---|---------------------|-------------------|-------------------|-------------------|
| | | | Medium = 26% - 50% | High = 51% - 100% | | | 2015/16 £,000s | 2016/17 £,000s | 2017/18 £,000s | 2018/19 £,000s |
| 1 | 2015/16 | Potential use of reserves to meet reduction in Business Rates | Low | | 10% | 3,000 | 300 | | | |
| | 2016/17 | | Low | | 20% | 7,000 | | 1,400 | | |
| | 2017/18 | | Medium | | 30% | 7,000 | | | 2,100 | |
| | 2018/19 | | Medium | | 30% | 7,000 | | | | 2,100 |
| 2 | 2015/16 | The future years funding settlement is even worse than anticipated | Low | | 0% | - | - | | | |
| | 2016/17 | | Low | | 0% | - | - | | | |
| | 2017/18 | | Low | | 10% | 5,000 | | | 500 | |
| | 2018/19 | | Low | | 10% | 5,000 | | | | 500 |
| 3 | 2015/16 | Corporate savings not delivered | Low | | 10% | 500 | 50 | | | |
| | 2016/17 | | Low | | 24% | 5,000 | | 1,200 | | |
| | 2017/18 | | Low | | 15% | 5,000 | | | 750 | |
| | 2018/19 | | Low | | 10% | 5,000 | | | | 500 |

| No. | Year | Risk Event | Low = 0% - 25% | Risk % | Potential Net Financial Impact £,000s | Reserve Requirement | | | |
|-----|---------|---|--------------------|--------|---|---------------------|---------|---------|---------|
| | | | Medium = 26% - 50% | | | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
| | | | High = 51% - 100% | | | £,000s | £,000s | £,000s | £,000s |
| 4 | 2015/16 | National Living Wage increases unfunded | Low | 0% | 0 | - | | | |
| | 2016/17 | | Low | 5% | 1,000 | | 50 | | |
| | 2017/18 | | Medium | 30% | 2,000 | | | 600 | |
| | 2018/19 | | Medium | 35% | 5,000 | | | | 1,750 |
| 5 | 2015/16 | Above assumed inflationary increases in non-pay and utilities greater than already provided for | Low | - | - | - | | | |
| | 2016/17 | | Low | 10% | 1,000 | | 100 | | |
| | 2017/18 | | Medium | 30% | 2,000 | | | 600 | |
| | 2018/19 | | Medium | 30% | 2,000 | | | | 600 |
| 6 | 2015/16 | Increase in pay costs above pay settlement / assumptions | Low | - | - | - | | | |
| | 2016/17 | | Low | 15% | 1,600 | | 240 | | |
| | 2017/18 | | Medium | 30% | 1,600 | | | 480 | |
| | 2018/19 | | Medium | 30% | 1,600 | | | | 480 |

| No. | Year | Risk Event | Low = 0% - 25% | Risk % | Potential Net Financial Impact £,000s | Reserve Requirement | | | |
|-----|---------|--|--------------------|--------|---|---------------------|---------|---------|---------|
| | | | Medium = 26% - 50% | | | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
| | | | High = 51% - 100% | | | £,000s | £,000s | £,000s | £,000s |
| 7 | 2015/16 | Adult Social care costs increase due to greater than forecast demand or complexity | Medium | 30% | 3,000 | 900 | | | |
| | 2016/17 | | Low | 20% | 3,000 | | 600 | | |
| | 2017/18 | | Low | 20% | 3,000 | | | 600 | |
| | 2018/19 | | Low | 20% | 3,000 | | | | 600 |
| 8 | 2015/16 | Service savings not delivered / identified | Low | 15% | 14,757 | 2,214 | | | |
| | 2016/17 | | Low | 10% | 15,400 | | 1,540 | | |
| | 2017/18 | | Low | 10% | 5,000 | | | 500 | |
| | 2018/19 | | Low | 10% | 5,000 | | | | 500 |
| 9 | 2015/16 | Partnership liability gives rise to grant clawback guarantees | Low | 5% | 1,000 | 50 | | | |
| | 2016/17 | | Low | 5% | 1,000 | | 50 | | |
| | 2017/18 | | Low | 10% | 1,000 | | | 100 | |
| | 2018/19 | | Low | 5% | 1,000 | | | | 50 |

| No. | Year | Risk Event | Low = 0% - 25% | Risk % | Potential Net Financial Impact £,000s | Reserve Requirement | | | |
|-----|---------|--|--------------------|--------|---|---------------------|-------------------|-------------------|-------------------|
| | | | Medium = 26% - 50% | | | High = 51% - 100% | 2015/16 £,000s | 2016/17 £,000s | 2017/18 £,000s |
| 10 | 2015/16 | Insurance liability / claims premiums / level of deductibles rise above | Medium | - | - | - | | | |
| | 2016/17 | | Low | 10% | 2,000 | | 200 | | |
| | 2017/18 | | Low | 10% | 1,000 | | | 100 | |
| | 2018/19 | | Low | 10% | 1,000 | | | | 100 |
| 11 | 2015/16 | The level of funds within the self insurance fund is unable to cover a catastrophic incident affecting our | Low | 10% | 2,500 | 250 | | | |
| | 2016/17 | | Low | 20% | 2,500 | | 500 | | |
| | 2017/18 | | Low | 10% | 2,500 | | | 250 | |
| | 2018/19 | | Low | 10% | 2,500 | | | | 250 |
| 12 | 2015/16 | H & S breaches resulting in legal action. | Low | 10% | 200 | 20 | | | |
| | 2016/17 | | Low | 10% | 200 | | 20 | | |
| | 2017/18 | | Low | 10% | 200 | | | 20 | |
| | 2018/19 | | Low | 10% | 200 | | | | 20 |

| No. | Year | Risk Event | Low = 0% - 25% | Risk % | Potential Net Financial Impact £,000s | Reserve Requirement | | | |
|-----|---------|--|--------------------|--------|---|---------------------|-------------------|-------------------|-------------------|
| | | | Medium = 26% - 50% | | | High = 51% - 100% | 2015/16 £,000s | 2016/17 £,000s | 2017/18 £,000s |
| 13 | 2015/16 | Employment tribunal action | Low | 5% | 1,000 | 50 | | | |
| | 2016/17 | | low | 5% | 1,000 | | 50 | | |
| | 2017/18 | | low – 20% | 5% | 1,000 | | | 50 | |
| | 2018/19 | | low – 20% | 5% | 1,000 | | | | 50 |
| 14 | 2015/16 | Levies from partner organisations could exceed increases in matched funding | Low | 10% | 400 | 40 | | | |
| | 2016/17 | | Low | 10% | 450 | | 45 | | |
| | 2017/18 | | Low | 10% | 500 | | | 50 | |
| | 2018/19 | | Low | 10% | 550 | | | | 55 |
| 15 | 2015/16 | Additional revenue funding to meet additional costs arising from capital borrowing | Low | 2% | 1,000 | 20 | | | |
| | 2016/17 | | Medium | 45% | 3,000 | | 1,350 | | |
| | 2017/18 | | Medium | 40% | 3,000 | | | 1200 | |
| | 2018/19 | | Low | 20% | 3,000 | | | | 600 |


| No. | Year | Risk Event | Low = 0% - 25% | Risk % | Potential Net Financial Impact £,000s | Reserve Requirement | | | | |
|-----|---------|---|--------------------|--------|---|---------------------|-------------------|-------------------|-------------------|--|
| | | | Medium = 26% - 50% | | | 2015/16 £,000s | 2016/17 £,000s | 2017/18 £,000s | 2018/19 £,000s | |
| | | | High = 51% - 100% | | | | | | | |
| 16 | 2015/16 | Major fraud | Low | 5% | 100 | 5 | | | | |
| | 2016/17 | | Low | 5% | 100 | | 5 | | | |
| | 2017/18 | | Low | 5% | 100 | | | 5 | | |
| | 2018/19 | | Low | 5% | 100 | | | | 5 | |
| 17 | 2015/16 | LG Pension Scheme – employer contribution increase above budget | Low | 0% | - | 0 | | | | |
| | 2016/17 | | Low | 0% | 0 | - | 0 | | | |
| | 2017/18 | | Low | 20% | 2,000 | - | | 400 | | |
| | 2018/19 | | Low | 20% | 2,000 | | - | | 400 | |
| 18 | 2015/16 | Failure to collect debt beyond provision | Low | 10% | 1,000 | 100 | | | | |
| | 2016/17 | | Low | 10% | 1,000 | | 100 | | | |
| | 2017/18 | | Low | 10% | 1,000 | | | 100 | | |
| | 2018/19 | | Low | 10% | 1,000 | | | | 100 | |

| No. | Year | Risk Event | Low = 0% - 25% | Risk % | Potential Net Financial Impact £,000s | Reserve Requirement | | | |
|-----|---------|---|--------------------|--------|---|---------------------|-------------------|-------------------|-------------------|
| | | | Medium = 26% - 50% | | | High = 51% - 100% | 2015/16 £,000s | 2016/17 £,000s | 2017/18 £,000s |
| 19 | 2015/16 | Adverse winter increases call | Low | 20% | 2,000 | 400 | | | |
| | 2016/17 | | Medium | 30% | 2,000 | | 600 | | |
| | 2017/18 | | Medium | 30% | 2000 | | | 600 | |
| | 2018/19 | | Medium | 30% | 2,000 | | | | 600 |
| 20 | 2015/16 | Unforeseen events / contingency | Low | 15% | 5,000 | 750 | | | |
| | 2016/17 | | Low | 15% | 2,000 | | 300 | | |
| | 2017/18 | | Medium | 50% | 2,000 | | | 1,000 | |
| | 2018/19 | | Medium | 75% | 2,000 | | | | 1,500 |
| 21 | 2015/16 | Fluctuation in borrowing costs/interest receipts. | Low | 1% | -1,000 | -10 | | | |
| | 2016/17 | | Low | 10% | -1000 | | -100 | | |
| | 2017/18 | | Medium | 50% | -1000 | | | -500 | |
| | 2018/19 | | Medium | 50% | -1,000 | | | | -500 |

| No. | Year | Risk Event | Low = 0% - 25% | Risk % | Potential Net Financial Impact £,000s | Reserve Requirement | | | |
|-----|---------|--|--------------------|--------|---|---------------------|-------------------|-------------------|-------------------|
| | | | Medium = 26% - 50% | | | High = 51% - 100% | 2015/16 £,000s | 2016/17 £,000s | 2017/18 £,000s |
| 22 | 2015/16 | Waste recycling performance does not improve resulting in Landfill Tax liabilities above budget | Low | 5% | 1,000 | 50 | | | |
| | 2016/17 | | Low | 5% | 1,000 | | 50 | | |
| | 2017/18 | | Medium | 30% | 1,500 | | | 450 | |
| | 2018/19 | | Medim | 30% | 1,000 | | | | 300 |
| 23 | 2015/16 | Sensitivity for safeguarding and looked after children additional costs | Medium | 50% | 3,000 | 1,500 | | | |
| | 2016/17 | | Medium | 50% | 2,000 | | 1,000 | | |
| | 2017/18 | | Medium | 30% | 1,000 | | | 300 | |
| | 2018/19 | | Low | 10% | 1,000 | | | | 100 |
| 24 | 2015/16 | Partnerships and contractors adversely affected by the economic client that affects the viability of an existing contract. | Low | 10% | 2,000 | 200 | | | |
| | 2016/17 | | Low | 10% | 2,000 | | 200 | | |
| | 2017/18 | | Low | 10% | 2,000 | | | 200 | |
| | 2018/19 | | Low | 15% | 2,000 | | | | 300 |

| No. | Year | Risk Event | Low = 0% - 25% | Risk % | Potential Net Financial Impact £,000s | Reserve Requirement | | | |
|-----|---------|-----------------------|--------------------|--------|---|---------------------|---------|---------|---------|
| | | | Medium = 26% - 50% | | | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
| | | | High = 51% - 100% | | | £,000s | £,000s | £,000s | £,000s |
| 25 | 2015/16 | Year end overspend | Medium | 50% | 3,000 | 1,500 | | | |
| | 2016/17 | | Low | 2% | 1,000 | | 20 | | |
| | 2017/18 | | Low | 2% | 1,000 | | | 20 | |
| | 2018/19 | | Low | 2% | 1,000 | | | | 20 |
| | | TOTALS | | | | 8,389 | 9,520 | 10,475 | 10,980 |

Consultation Minutes and notes

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- I) Schools Forum 14th January** *(Pages 157-160)*
 - II) Housing Board 25th January** *(Pages 161-170)*
 - III) Overview and Scrutiny Management 3rd February** *(Pages 171-182)*
 - IV) Group Leaders and Trade Unions JCC** *(Pages 183-190)*
 - V) Cabinet 9th February** *(Pages 191-196)*
 - VI) Public Meetings - 1st to 10th February** *To Follow*

