

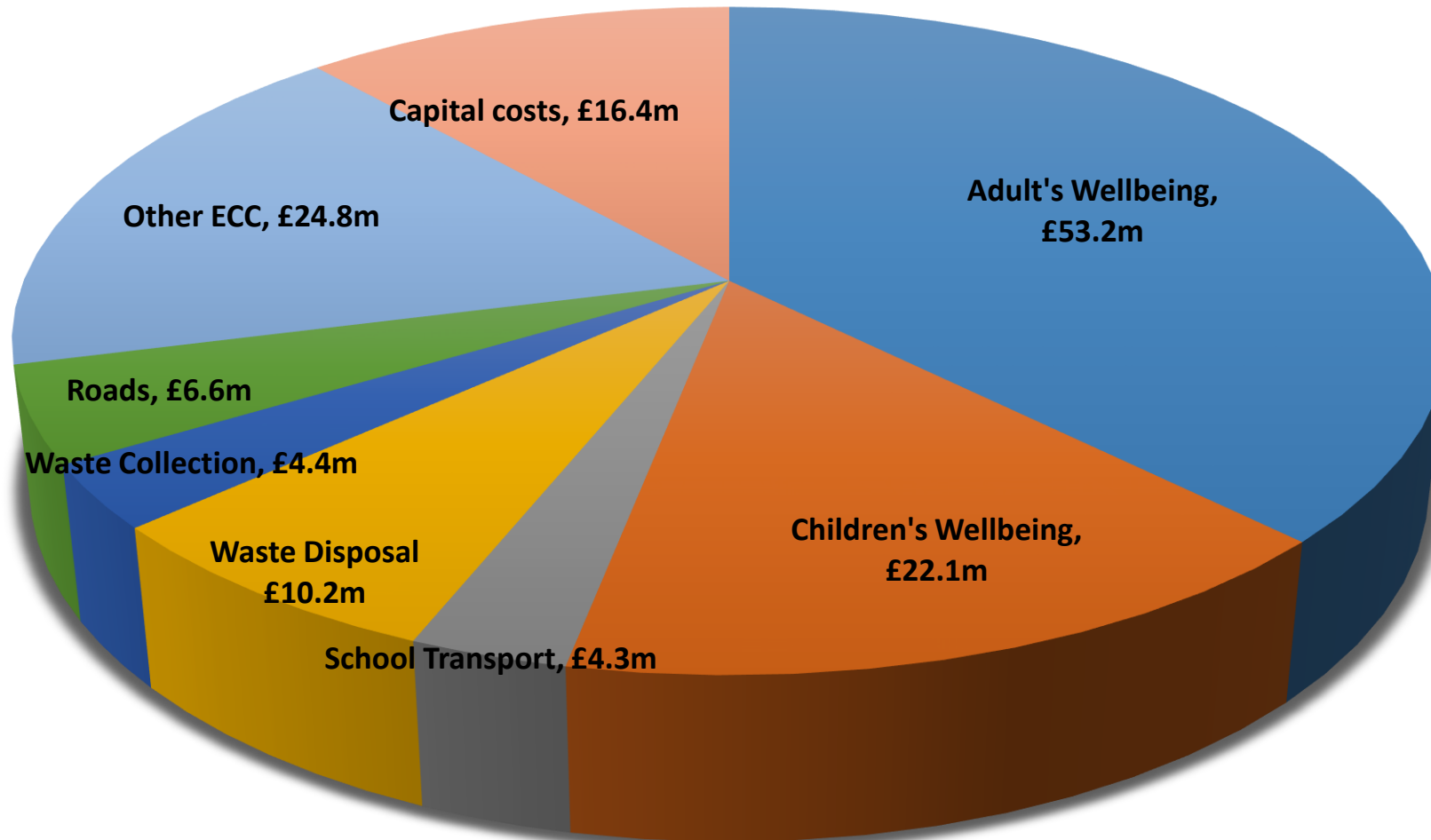
# Financial Planning Assumptions 16/17 – 19/20



# Corporate plan key priorities

- Enable residents to live safe, healthy and independent lives
- Keep children and young people safe and give them a great start in life
- Support the growth of our economy and the number of people in work
- Secure better services, quality of life and value for money

# Herefordshire Council Net Budget 2015/16 £142m



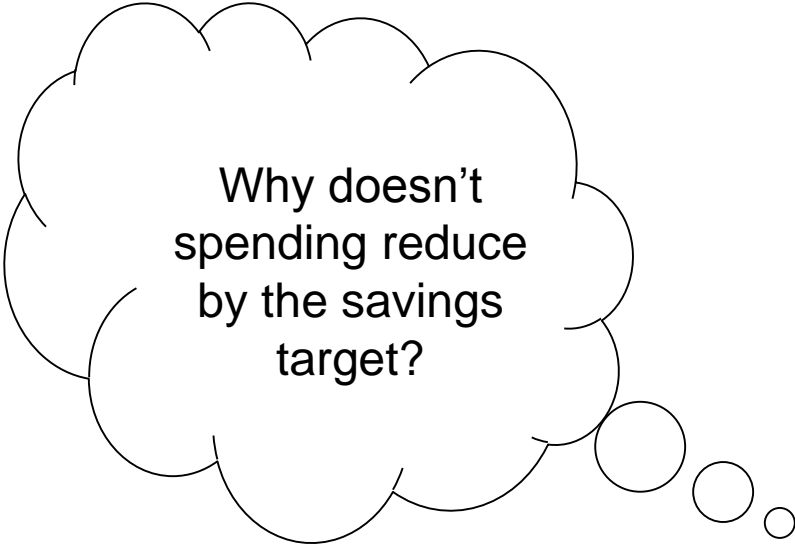
# £32m Savings Needed!

# **Austerity ... Half way there?**

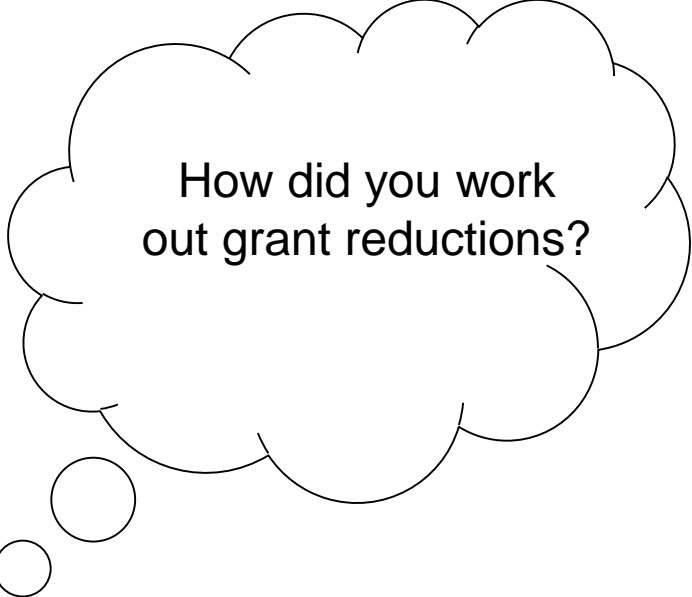
Half way through the austerity measures, £59m of savings to date and £32m forecast to 2019/20....

**Total £91m of savings between 2010 and 2020**





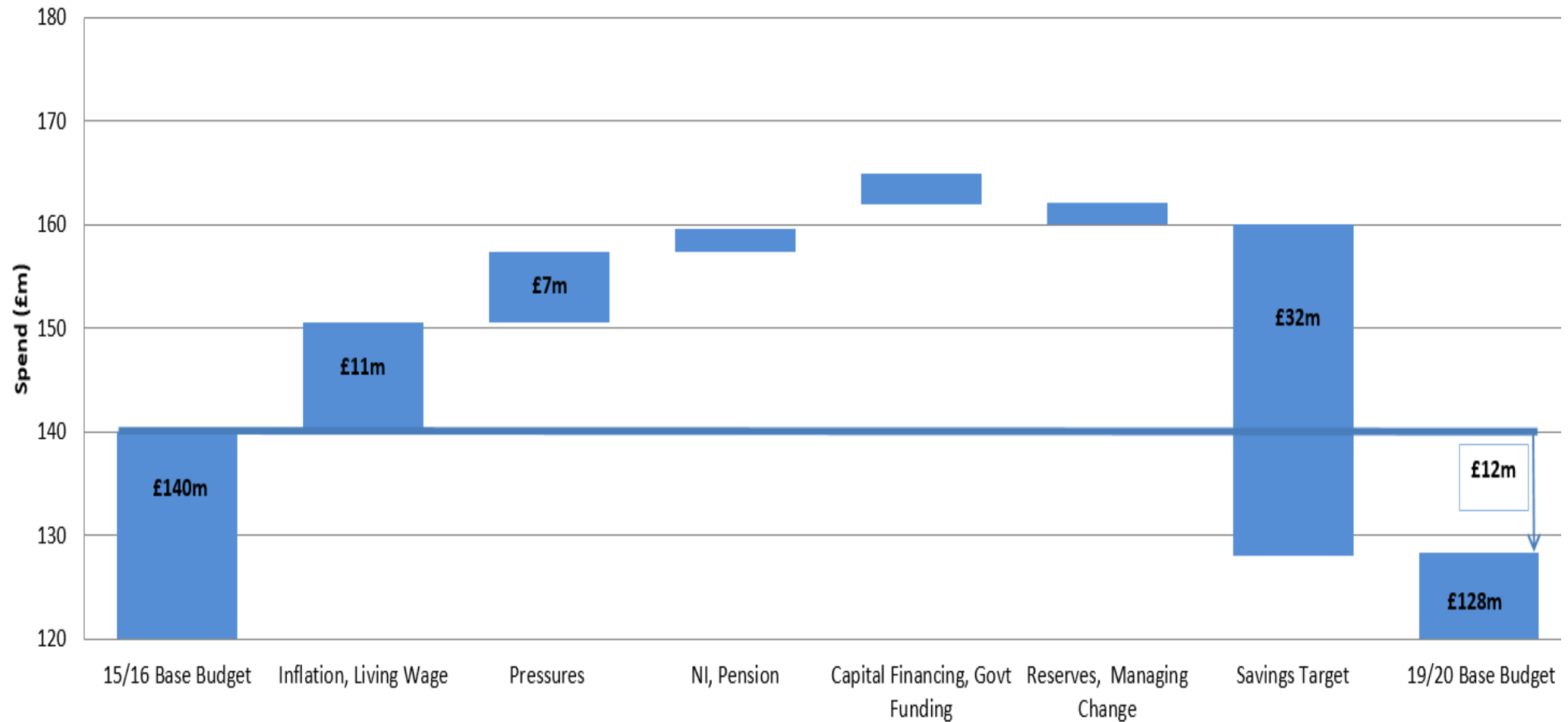
Why doesn't  
spending reduce  
by the savings  
target?



How did you work  
out grant reductions?



# Why doesn't spending reduce by the savings target?



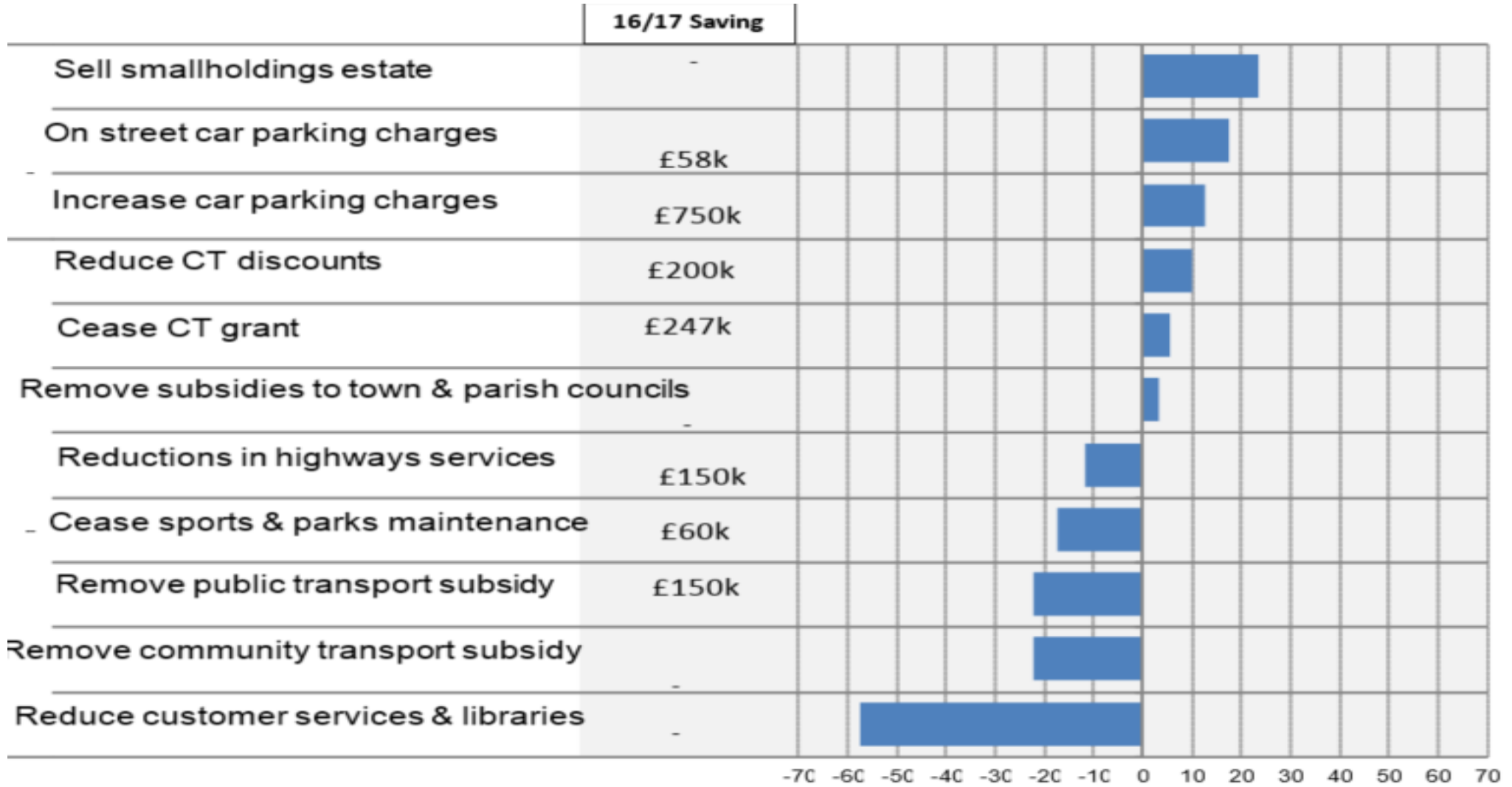


# Current Savings Proposals

| <b>Directorate</b>                    | <b>2016-17<br/>£000</b> | <b>2017-18<br/>£000</b> | <b>2018-19<br/>£000</b> | <b>2019-20<br/>£000</b> | <b>Total<br/>£000</b> |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| Adults and wellbeing                  | 4.0                     | 2.3                     | 1.8                     | 1.7                     | 9.8                   |
| Children's wellbeing                  | 1.0                     | 1.3                     | 1.4                     | 1.1                     | 4.7                   |
| Economy, communities<br>and corporate | 4.9                     | 3.1                     | 3.2                     | 1.1                     | 12.3                  |
| Organisational redesign<br>savings    | 0.6                     | 0.3                     | 0.1                     | 0.2                     | 1.2                   |
| <b>Total</b>                          | <b>10.5</b>             | <b>7.0</b>              | <b>6.5</b>              | <b>4.0</b>              | <b>28.0</b>           |

£4m gap in 2019/20

# Consultation

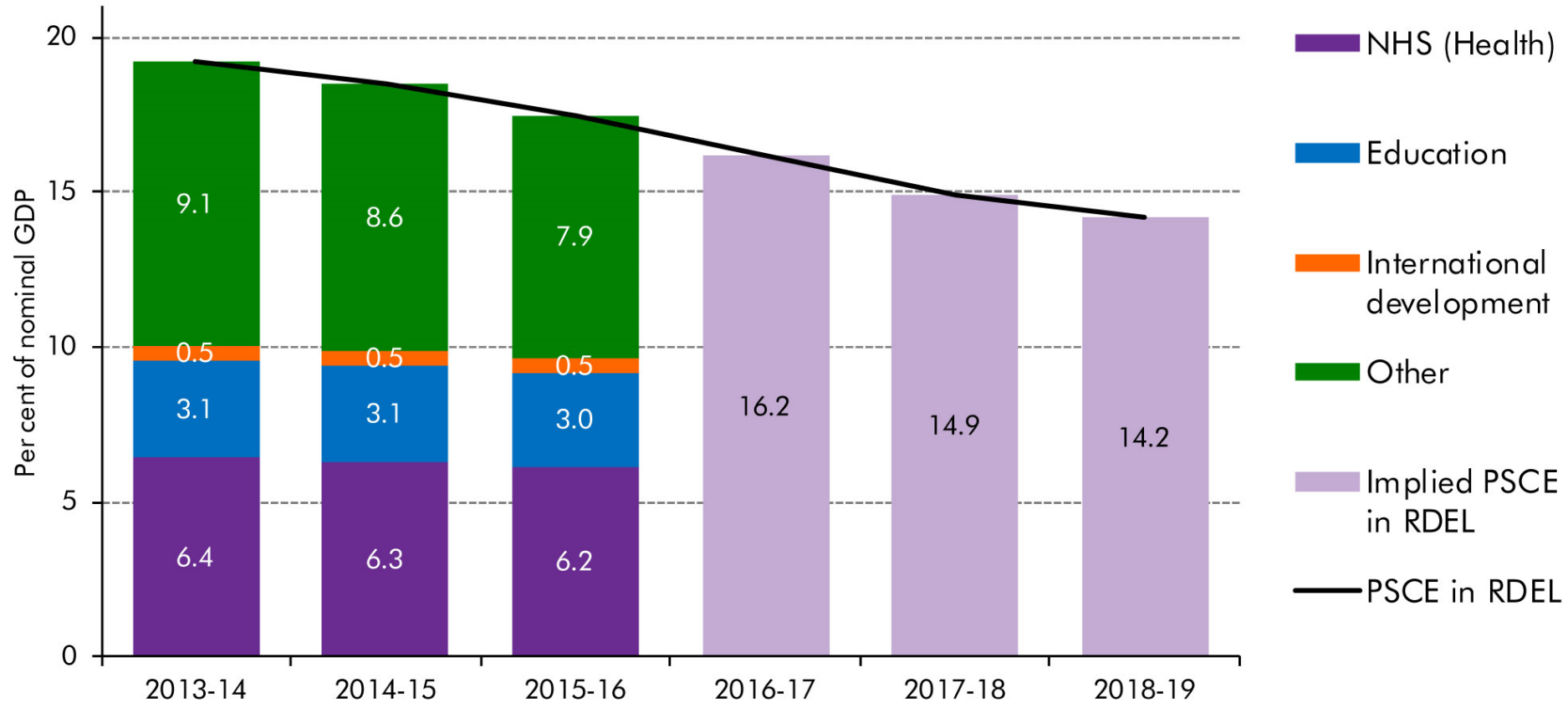


# How did you work out grant reductions?

| <b>Government Funding</b>        | <b>2013/14</b> | <b>2014/15</b> | <b>2015/16</b> |
|----------------------------------|----------------|----------------|----------------|
|                                  | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| Formula or Revenue Support Grant | 42.9           | 35.8           | 26.5           |
| Business rates top up            | 6.6            | 6.7            | 6.8            |
| New Homes Bonus                  | 2.1            | 2.8            | 3.6            |
| Locally retained business rates  | 22.0           | 22.4           | 23.3           |
| <b>Totals</b>                    | <b>73.4</b>    | <b>67.7</b>    | <b>60.2</b>    |
| Reduction %                      | 10%            | 14%            | 12%            |

# Treasury Budget 2014/15

## % Public Spending of GDP



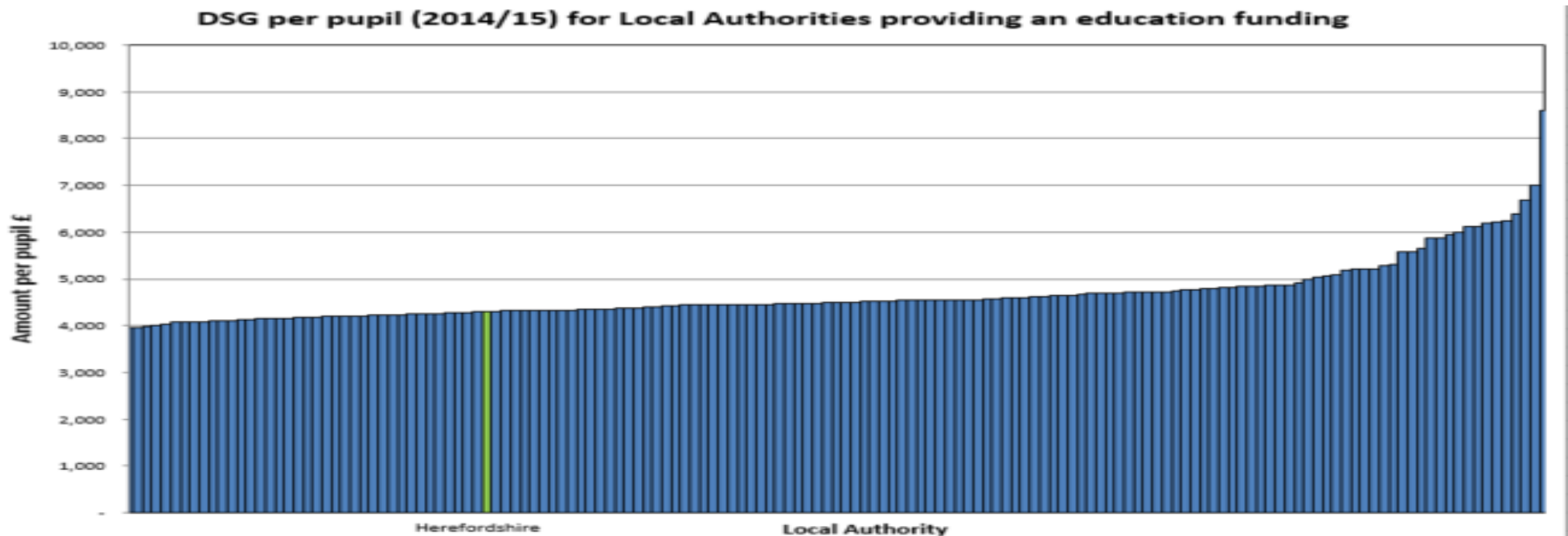
*Office for budget responsibility September 2014*

*PSCE – Public Sector Current Expenditure*

*RDEL – Day to day expenditure on Public Services*

# Dedicated School Grant - £96m 16/17

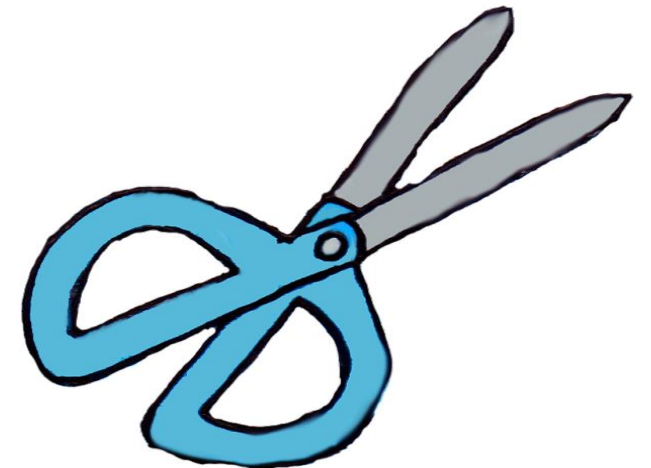
- Protected in cash terms but increasing cost pressures .... pension, national insurance, living wage and pay awards ... add at least **15%** to school costs over the next five years.
- Financial viability will become increasingly more difficult.



# Agreed Departmental Cuts

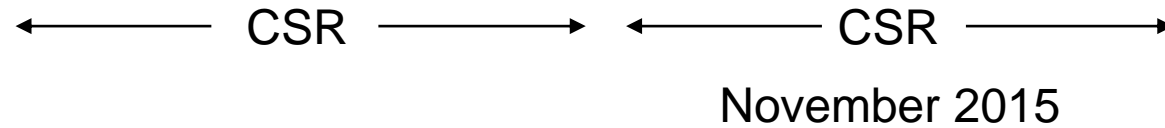
Provisionally agreed to average cuts of  
30% in current funding of £60m

In 2019/20 between £36m - £42m



# How did you work out grant reductions?

| Government Funding | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|--------------------|---------|---------|---------|---------|---------|---------|---------|
| Reduction %        | 10%     | 14%     | 12%     | 12%     | 12%     | 12%     | 12%     |



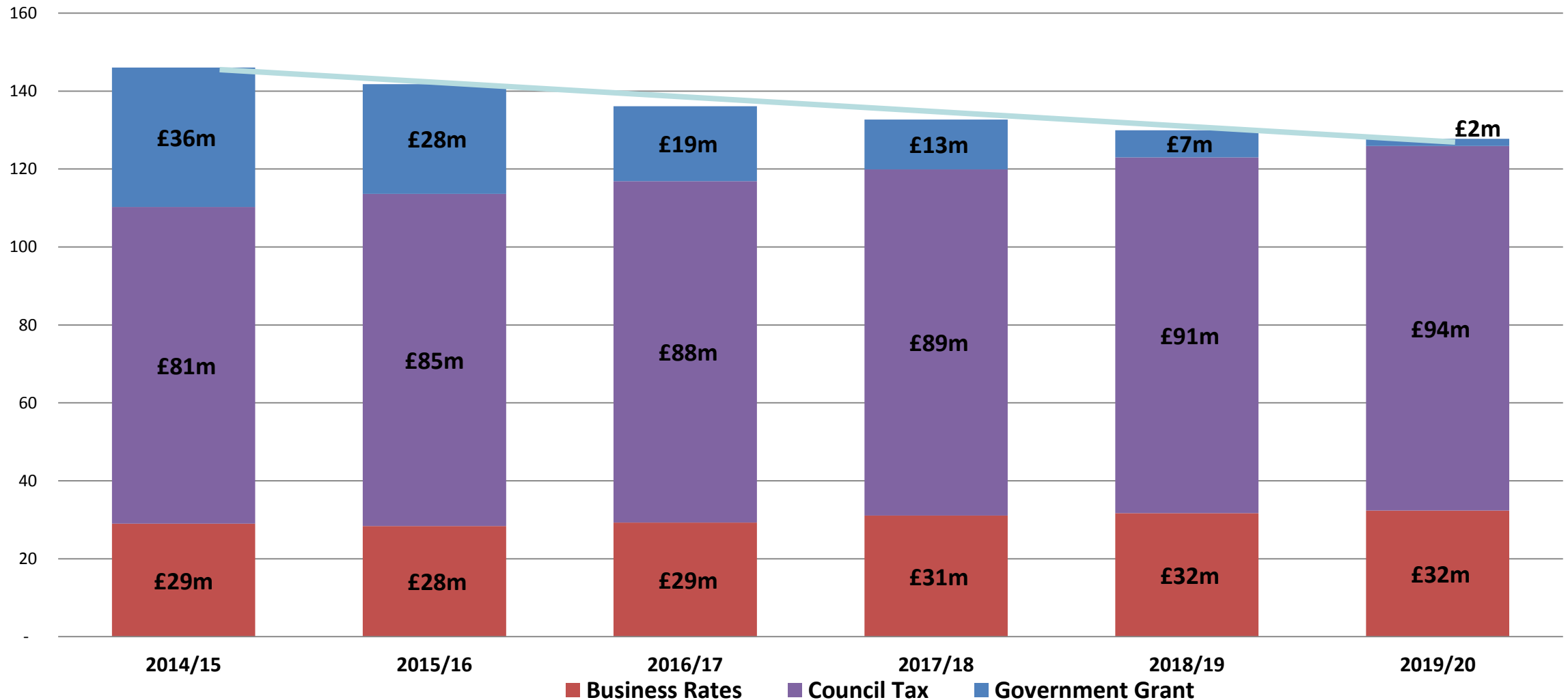
# How did you work out grant reductions?

| <b>Government Funding</b>        | <b>2013/14</b> | <b>2014/15</b> | <b>2015/16</b> | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                  | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| Formula or Revenue Support Grant | 42.9           | 35.8           | 26.5           | 19.2           | 12.8           | 7.0            | 1.9            |
| Locally retained business rates  | 22.0           | 22.4           | 23.3           | 23.5           | 24.0           | 24.5           | 25.0           |
| Business rates top up            | 6.6            | 6.7            | 6.8            | 7.0            | 7.1            | 7.2            | 7.4            |
| New Homes Bonus Grant            | 2.1            | 2.8            | 3.6            | 4.2            | 4.3            | 4.1            | 4.0            |
| <b>Totals</b>                    | <b>73.4</b>    | <b>67.7</b>    | <b>60.2</b>    | <b>53.9</b>    | <b>48.2</b>    | <b>42.8</b>    | <b>38.2</b>    |
| Reduction %                      | 10%            | 14%            | 12%            | 12%            | 12%            | 12%            | 12%            |



# Forecast net budget 14/15 – 19/20

## £146m down to £128m



# Retention of business rate income

- 100% of business rates by 2019/20
- Currently £23m for 49% plus £7m top up grant
- Fiscal neutral
- Further responsibilities and services will be devolved to local government
- Spending review in 25 November

# Questions?