

SUPPLEMENT TO THE AGENDA FOR

Health & Social Care Overview and Scrutiny Committee

Monday 14 November 2016

9.30 am

**Council Chamber, The Shire Hall, St. Peter's Square, Hereford,
HR1 2HX**

	Pages
7. DRAFT 2017/18 BUDGET AND MEDIUM TERM FINANCIAL STRATEGY (MTFS) UPDATE	3 - 20

Budget 2017/18

Budget Presentation to the Members of HSCOSC and GOSC

Monday 14 November 2016

Budget 2017/18

- **Introduction and Background**
- **Statutory requirements**
- **Budget Construction**
- **Key issues**
- **Next Steps**
- **Questions**

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
- secure better services, quality of life and value for money

Budget 2017/18

Statutory requirement

- All Local Authorities have a statutory duty to prepare a balanced budget and specifically:
 - Approve the Council Tax Base
 - Approve the rate of Council Tax
 - Approve the Gross Revenue Budget
 - Approve the net spending limit for each major service element (Directorate)

Budget 2017/18

However, In order to fully understand the revenue budget, Council needs to consider:

- The total Revenue Budget
- The Capital Programme
- The Treasury Management Strategy
- The Reserves Policy
- The longer term implications as set out in its Medium Term Financial Strategy

Budget 2017/18

How the budget is prepared....

• Base budget	£142.0m
• Pressures	£2.0m
• Savings	<u>(£4.0)m</u>
	£140.0m
• Use of Reserves	(£1.0)m
• Net Budget	<u>£139.0m</u>
• Funding Requirement	<u>£139.0m</u>
(Council Tax, Business Rates and Grants)	

Budget 2017/18

Funding Issues

- Government Grant (fallen by 90% since 2010)
- Council Tax (key driver – new houses)
- Business Rates (key driver - new businesses)
- Other Grants (not much around)
- Reserves (used to smooth MTFS delivery)

Our Income sets our spending level!

Budget 2017/18

Funding 2017/18 (subject to Autumn Statement)

• Government Grant	£10.1m
• Council Tax	£92.9m
• Business Rates (inc top up)	£27.3m
• Other Grants (RSDG, NHB, TG)	£9.3m
• Reserves	<u>£0.1m</u>

Our Income sets our spending level! £139.7m

Budget 2017/18

Budget Pressures

- General Inflationary (rising costs)
- Specific Inflationary Pressures (contracts)
- Demand Pressures (elderly population)
- Statutory Pressures (Living Wage)
- Cost of Capital Financing (capital expenditure)
- Economic pressures (interest rates, rent levels)

Budget 2017/18

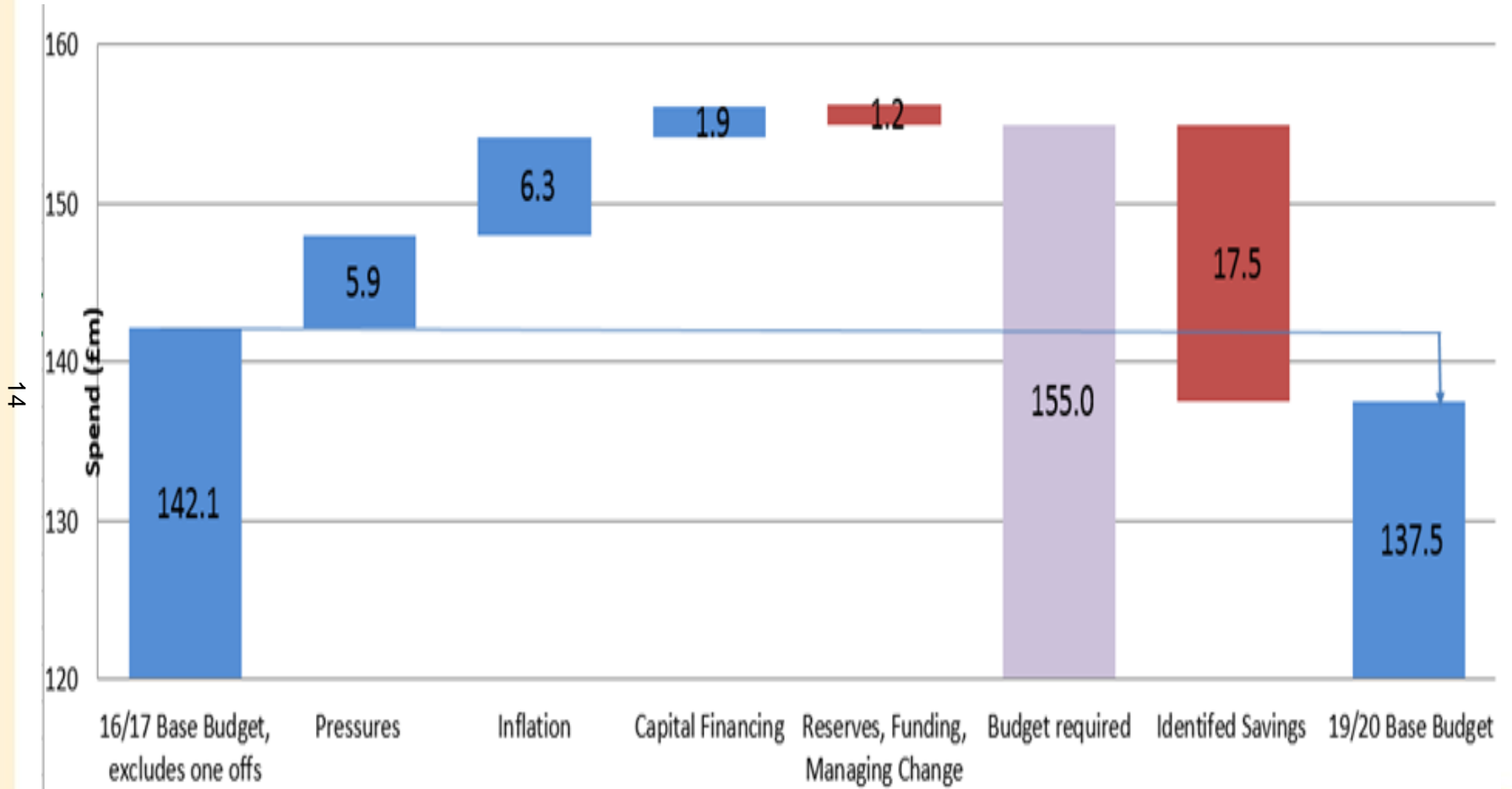
Pressures	2017-18	2018-19	2019-20	Total 17-20
	£000	£000	£000	£000
Legislative changes	618	492	540	1,650
Adults demographic pressures	850	926	945	2,721
Adults preventative measures	(600)			(600)
Contract and pay inflation and other pressures	1,891	2,154	2,277	6,322
Apprenticeship levy	200			200
Unaccompanied asylum seeking children	100			100
Childrens services pressures	425			425
Adults contractual inflation	<u>356</u>	<u>508</u>	<u>529</u>	<u>1,393</u>
TOTAL	<u>3,840</u>	<u>4,080</u>	<u>4,291</u>	<u>12,211</u>

Budget 2017/18

Budget Savings (Appendix 1)

- Efficiency – driving costs out, cutting waste
- Service Reviews – doing more with less
- Business like approach to fees and charges
- Discretionary spend reviews
- Changing Service Delivery
- Cutting services – the last resort!

Savings Requirement (page 23, para 8)

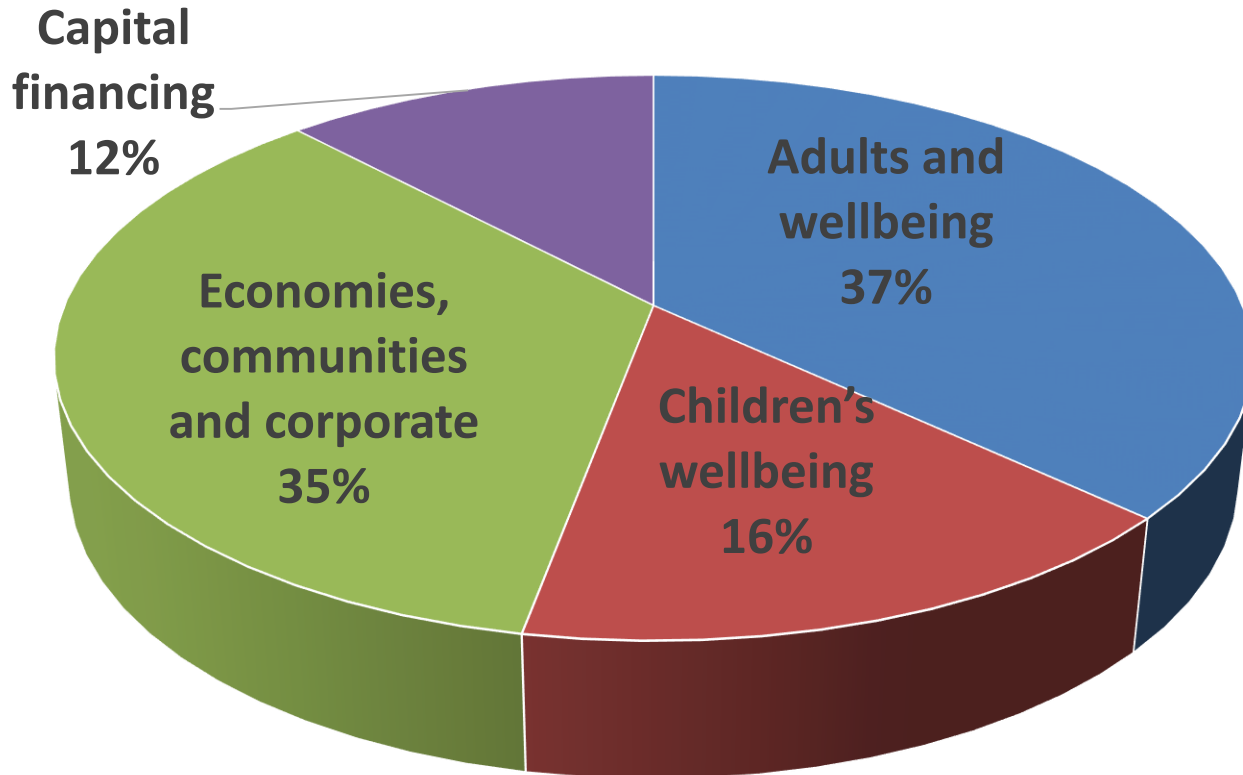


Budget 2017/18

Current Budget Proposal (Appendix 2)

Base budget	£143.0m
Pressures	£3.8m
Savings	<u>(£7.0)m</u>
	£139.8m
Use of Reserves	(£0.1)m
Net Budget	<u>£139.7m</u>
Funding Requirement	<u>£139.7m</u>
(Council Tax, Business Rates and Grants)	

Where the net budget is spent



16

Other Budget Responsibilities

Net Budget

£139.7m

- Dedicated schools grant £74.3m
- Housing benefit £49.1m
- Public Health Grant £9.7m
- Better Care Fund £13.3m
- Section 31 grant £5.3m
- Other income (fees and charges ect.) £28.3m

Gross Budget

£319.7m

Next Steps

Date	Action
14 November	Both scrutiny committees – initial review
23 November	Autumn statement
1 December	Cabinet – capital budget
TBC	2 nd Scrutiny Review - budget proposal
16 December	Council – capital budget
23 December	Settlement confirmed ?
19 January 2017	Cabinet – budget, MTFS, TMS, Reserves
3 February 2017	Council – budget, MTFS, TMS, Reserves
3 March 2017	Council – council tax setting

Questions

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Thank you !