

**JOINT REPORT OF THE CHAIRMAN OF THE FINANCE & PROPERTY  
COMMITTEE AND LEADER****ANNUAL BUDGET 2015/16****CAPITAL PROGRAMME 2015/16 to 2018/19****MEDIUM TERM FINANCIAL STRATEGY 2015/16 to 2018/19****COUNCIL TAX PRECEPT 2015/16****Purpose of the Report**

1. This report is seeking approval for the following:
  - the annual budget for 2015/16
  - the Medium Term Financial Strategy for 2015/16 to 2018/19
  - the implementation of Category B and C savings proposals
  - the amount of Council Tax to be levied for County Council purposes for 2015/16 and the arrangements for collecting this from District and Borough councils
  - the Capital Programme for 2015/16 to 2018/19
  - the borrowing limits that the Council is required to make by Statute
  - the Treasury Management Strategy and Policy for 2015/16

**Information and advice**

2. The County Council budget for 2015/16 has been prepared in the context of ongoing funding reductions from Government. Local authorities continue to struggle with falling Government grants while facing increased demand for services as well as other cost pressures from inflation and new legislation.
3. The magnitude of the financial challenge was reported to Policy Committee on 12 November 2014. At that time, a budget shortfall of £77m was anticipated over the three years to 2017/18. A public consultation was launched which concluded on 16 January 2015.
4. The Council's Medium Term Financial Strategy (MTFS) has since been reviewed to take account of changes to the tax base, levels of grant funding, pressures and deliverability of savings. Earlier this month, a report to the Finance and Property Committee set out the forecast position and recommended that the level of Council Tax for 2015/16 be increased by 1.99%. This recommendation is incorporated within this report.

5. The Council is also proposing further use of reserves to reduce the need to borrow. This report also seeks approval for the statutory borrowing limits that the Council is required to set in addition to its Treasury Management Strategy and Policy for 2015/16.

### **Redefining Your Council**

6. In response to the financial outlook, a new transformation framework, called ***Redefining Your Council***, was established by Policy Committee in July 2014. The framework sought different ways of delivering services by looking first at innovative and creative solutions before any service reductions or cessations.
7. This set out a Council-wide review of all services based on a strategic, logical and coherent approach to transformation. The review covered every aspect of Council activity with a particular focus on high-cost services.
8. As a result of this process, 56 savings proposals were considered by Policy Committee on 12 November 2014. Of these proposals 26 required public consultation the outcome of which is set out in this report.
9. An evaluation will now be undertaken to assess the first phase of Redefining Your Council. This will assess progress, initiate plans for the next phase of transformation and develop further proposals based on the Redefining Your Council approach.
10. It is anticipated that a report of this assessment will be presented to Policy Committee on 17 June 2015.

### **Budget Consultation**

11. The budget consultation with residents and stakeholder groups is used to help guide and inform the annual budget setting process. The total number of responses received across the whole campaign was 17,139.
12. Full details of the consultation methodology and responses were included in the report to the Finance and Property Committee on 9 February 2015. This year the consultation was conducted in two stages which both had the theme of **"Doing Things Differently - Your Money, Your Say"**.
13. The **17,139 responses** included 2,477 responses received through the consultation survey (1,265 for Stage One and 1,212 for Stage Two), plus petitions, letters, emails, and feedback from departmental meetings with service users and members of the public.

### **Listening**

14. Although 24 out of the 26 proposals were supported by more than half of those that responded, Members have carefully studied all the messages received, including all letters, emails, petitions and verbal feedback, before making the proposals set out in this report. As a result, some of the proposals have been amended to reflect these concerns. This is detailed below.

## Changes to proposals

15. It is proposed that the below changes are made to the original proposals as a result of the consultation.
16. **Proposal C10 Waste minimisation through investment in smaller residual waste bins:** it is proposed that this is not progressed but a wider debate is held on alternative options.
  - Whilst this proposal will not be progressed at this stage, it is important to recognise that the costs of waste disposal services are significant with a bill of more than £30m per annum. Unless recycling rates across the county improve, costs will continue to increase and contribute to pressures on other services.
  - The County Council will continue to work in partnership with the Borough and District Councils and its waste management partner Veolia to identify measures to reduce the amount of household waste and increase recycling rates, including green waste collection services.
17. **Proposal C03 Development of Extra Care Housing and promotion of independent living in place of the current provision of six Care and Support Centres:** it is proposed that this is amended to reflect concerns.
  - In the consultation, respondents were highly supportive of the principle of helping people stay independent and out of social care whenever possible. The development of Extra Care supports this principle as it provides high quality care in place of Care and Support centres.
  - Some concern was expressed by relatives of existing residents who had been in homes for a long time and whether Extra Care would be appropriate in these situations. The distance to the closest Extra Care facilities was also raised as a concern.
  - The lack of available short term care and respite care support in some areas within the independent sector was also raised as an issue by relatives and carers who often need a break.
  - On the basis of the feedback, further analysis was done to assess the remaining six care and support centres based on a range of factors and it is proposed that the following three centres would be kept open for another three years: James Hince Court in Worksop, Bishop's Court in Boughton and Leivers Court in Arnold.
  - Although it is proposed that the remaining three centres: Kirklands in Kirkby-in-Ashfield, Woods Court in Newark and St Michaels View in Retford, would close, this will be phased so that closures happen only when local Extra Care facilities are available.
  - The Council would not allow any new long-term residents to be admitted to any of the six care and support centres from this date

onwards in order to minimise the number who have been resident for a significant time.

- Where there are spaces in the Care and Support centres, these would be used as part of the review of Intermediate Care Services as outlined below.
- The re-phasing of this proposal would mean that savings of £0.677m would be delivered in 2016/17, £1.810m in 2017/18 and £1.859m in 2018/19.
- The changed proposal can be viewed in Appendix B

18. **Proposal B01 Review of Intermediate Care services:** it is proposed that this is amended to allow for a longer transition period

- Through the consultation process feedback was received from the Clinical Commissioning Groups (CCGs) that the proposals to withdraw the Council's contribution to integrated care services would not provide enough time for them to fully consider alternative options. At the rate proposed in the consultation, this could contribute to an increase in hospital discharge delays.
- On the basis of this feedback, a revised option is proposed that will enable a longer transition period which will mitigate against the risk of destabilising services which support hospital discharges.
- The amended proposal recommends that the £1.6m saving is delivered over 2 years rather than 1 year. This would release £800,000 in 2016/17 and a further £800,000 in 2017/18. This re-phasing will allow for alternatives to be explored with CCGs.
- It is proposed that the vacancies created by not accepting any new residents into the three retained Care and Support Centres will be used for short-term care whilst the model of integrated care is being developed.
- The changed proposal can be viewed in Appendix A

## **Saving Proposals**

19. As part of the consultation process, the 56 savings proposals were classified into three categories:

- **Category A:** savings proposals that could be moved forward into implementation subject to normal internal consultation processes – these have progressed accordingly and are available as a background paper. They were approved at the Policy Committee in November.
- **Category B:** could be approved in principle, subject to discretionary consultation with stakeholders and partners. Appropriate consultation has been completed and, subject to the amendments to schemes referred to above, and any further consultation requirements, approval is now sought to proceed. Appendix A sets out the Category B proposals.

- **Category C:** required formal statutory consultation before being implemented. Appropriate consultation has been undertaken and, subject to the amendments to schemes referred to above and any further consultation requirements, approval is now sought to proceed. Appendix B sets out the Category C proposals.

20. It is now proposed that Members agree the Category B and C proposals as set out in the appendices.

## **Annual Budget 2015/16**

21. The report to Policy Committee on 12 November 2014 outlined savings proposals and outlined the pressures along with savings proposals that were approved in previous budgets. The report to Finance and Property Committee on 9 February 2015 provided a further update.
22. This report is the summation of the previous two reports and brings together the Council's confirmed funding position. The total revenue budget for 2015/16 is £487.2m. A summary is shown in Table 1 with a more detailed breakdown shown in Appendix C.

**Table 1 - Proposed County Council Budget 2015/16**

<b>Committee Analysis</b>	<b>Net Budget 2014/15</b>	<b>Pressures</b>	<b>Savings</b>	<b>Pay Inflation &amp; Pension increase</b>	<b>Budget Changes</b>	<b>Net Budget 2015/16</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
Children & Young People	152.895	0.532	(10.340)	0.854	(4.888)	<b>139.053</b>
Adult Social Care & Health	211.812	4.160	(11.681)	0.829	0.997	<b>206.117</b>
Transport & Highways	59.344	1.137	(3.661)	0.227	1.080	<b>58.127</b>
Environment & Sustainability	30.699	0.894	(2.055)	0.019	0.413	<b>29.970</b>
Community Safety	2.938	-	(0.261)	0.057	0.170	<b>2.904</b>
Culture	13.388	-	(0.415)	0.167	(0.355)	<b>12.785</b>
Economic Development	1.009	-	-	0.007	0.034	<b>1.050</b>
Policy	26.558	-	(2.086)	0.282	(0.359)	<b>24.395</b>
Finance & Property	27.413	0.148	(1.152)	0.300	5.571	<b>32.280</b>
Personnel	1.441	-	-	0.056	1.021	<b>2.518</b>
Public Health	-	-	-	-	-	<b>-</b>
<b>Net Committee Requirement</b>	<b>527.497</b>	<b>6.871</b>	<b>(31.651)</b>	<b>2.798</b>	<b>3.684</b>	<b>509.199</b>
Corporate Budgets	(8.724)	-	-	-	3.806	<b>(4.918)</b>
Use of Reserves	(14.512)	-	-	-	(2.542)	<b>(17.054)</b>
<b>BUDGET REQUIREMENT</b>	<b>504.261</b>	<b>6.871</b>	<b>(31.651)</b>	<b>2.798</b>	<b>4.948</b>	<b>487.227</b>

23. Table 1 shows the changes between the original net budget for 2014/15 and the proposed budget for 2015/16, including budget pressures, savings, pay

inflation and other budget changes which include permanent contingency transfers approved in 2014/15 and transfers between Committees.

### **Corporate Budgets & Reserves**

24. There are a number of centrally-held budgets that do not report into a specific Committee. They are shown below with the budget analysis shown in Table 2:

- **Flood Defence Levy:** The Environment Agency issues an annual local levy based on the Band D equivalent houses within each Flood and Coastal Committee area. This helps to fund local flood defence priority works.
- **Trading Organisations:** This sum is required to cover the difference between the basic employer's pension contributions used in the trading accounts and the amounts actually charged, as required by the actuarial valuation.
- **Pension Enhancements:** The cost of additional years' service awards, approved in previous years. This practice is no longer permitted following changes to the pension rules.
- **Employers Pension Contribution:** The Council's actuary estimated that the Council needed to increase its contribution to the pension fund, for 2014/15 the increase was held centrally - pending final confirmation. It has since been allocated to individual budgets within Committees.
- **Contingency:** This is provided to cover redundancy costs, delays in efficiency savings, changes in legislation and other eventualities. Finance and Property Committee approval is required for the release of contingency funds.
- **Depreciation:** This represents the notional costs of utilising the Council's fixed assets. As such, budget provision is made within the service accounts, and adjustments here relate to corresponding movements in the service accounts. However, statute requires that this amount is not a cost to the Council Tax payer, hence this is reversed out within corporate budgets and replaced with the actual cost that impacts on the Council's revenue budget, being the costs of borrowing, i.e. interest, and the Minimum Revenue Provision (MRP).
- **Revenue Grants** This represents un-ringfenced grants, namely New Homes Bonus and Education Services grant.
- **Use of Reserves** This represents the Councils use of balance sheet reserves, further detail is provided in Appendix D.

**Table 2 - Proposed Budget 2015/16**  
**Corporate Budgets and Reserves**

	<b>Net Budget 2014/15 £'m</b>	<b>Budget Changes £'m</b>	<b>Net Budget 2015/16 £'m</b>
Flood Defence	0.273	(0.002)	0.271
Trading Organisations	0.801	-	0.801
Pension Enhancements (centralised)	2.205	-	2.205
Increase in employers pension contribution	0.842	(0.842)	-
Contingency	4.606	0.499	5.105
Depreciation	(41.113)	0.754	(40.359)
Net interest	16.588	1.412	18.000
MRP	19.259	0.541	19.800
Revenue Grants	(12.185)	1.444	(10.741)
<b>Subtotal Corporate Budgets</b>	<b>(8.724)</b>	<b>3.806</b>	<b>(4.918)</b>
Transfer to/from Earmarked Reserves	(9.328)	(1.688)	(11.016)
Transfer to/from General Fund	(5.184)	(0.854)	(6.038)
<b>Subtotal Use Of Reserves</b>	<b>(14.512)</b>	<b>(2.542)</b>	<b>(17.054)</b>

### **Council Tax Levels 2015/16**

25. The District and Borough councils construct a Council Tax base by assessing the number of Band D equivalent properties in their area, and then building in an allowance for possible non-collection. The notifications received forecast a total tax base of 236,053.67, representing growth of 1.83%. The increase in tax base has been taken into account in the calculation of the budget.

### **Council Tax Surplus/Deficit**

26. Each year an adjustment is made by the District and Borough councils to reflect the actual collection rate of Council Tax in the previous year. Sometimes this gives rise to a surplus, payable to the County Council, or a deficit which is offset against future year's tax receipts. Figures confirmed from the District and Borough Councils equate to a surplus of £3,227,828 for 2015/16, which has been factored into the MTFS as a one-off additional resource.

### **Council Tax Requirement**

27. The Council Tax requirement is divided by the tax base to arrive at the Band D figure. This figure then forms the basis of the calculation of the liability for all Council Tax bands.

**Table 3 – Council Tax Requirement Calculation**

<b><u>2015/16</u></b>	<b>Amount £'m</b>	<b>% Funding</b>
Initial Budget Requirement	487.227	<b>100.0</b>
Less Formula Grant	(191.023)	<b>39.2</b>
<b>Net Budget requirement</b>	<b>296.204</b>	
Less Estimated Collection Fund Surplus	(3.228)	<b>0.7</b>
<b>Council Tax Requirement</b>	<b>292.976</b>	<b>60.1</b>

### **Council Tax Recommendation**

28. To meet the Council Tax requirement above, an increase of 1.99% is recommended, the impact of which is shown in Table 4 below.

**Table 4 - Recommended levels of Council Tax  
(County Council Element) 2015/16**

<b>Band</b>	<b>Value as at 1.4.91</b>	<b>No. of Properties</b>	<b>% no. of properties</b>	<b>Ratio</b>	<b>County Council 2014/15 £</b>	<b>County Council 2015/16 £</b>	<b>Change £</b>
A	Up to £40,000	141,250	39.9	<b>6/9</b>	811.28	827.43	<b>16.15</b>
B	£40,001- £52,000	73,160	20.6	<b>7/9</b>	946.49	965.33	<b>18.84</b>
C	£52,001- £68,000	60,720	17.1	<b>8/9</b>	1,081.71	1,103.24	<b>21.53</b>
D	£68,001- £88,000	40,240	11.3	<b>1</b>	1,216.92	1,241.14	<b>24.22</b>
E	£88,001- £120,000	22,210	6.3	<b>11/9</b>	1,487.35	1,516.95	<b>29.60</b>
F	£120,001- £160,000	10,670	3.0	<b>13/9</b>	1,757.77	1,792.76	<b>34.99</b>
G	£160,001 - £320,000	5,930	1.7	<b>15/9</b>	2,028.20	2,068.57	<b>40.37</b>
H	Over £320,000	460	0.1	<b>18/9</b>	2,433.84	2,482.28	<b>48.44</b>

29. It is therefore proposed that Members approve a Council Tax increase of 1.99%. The actual amounts payable by householders will also depend on:

- The District or Borough council's own Council Tax
- The Police Authority and the Combined Fire Authority Council Tax
- Any Parish precepts or special levies
- The eligibility for discounts and rebates

### **County Precept**

30. District and Borough councils collect the Council Tax for the County Council, which is recovered from the Districts by setting a County Precept. The total Precept is split according to the Council tax base for each District as set out in Table 5.



**Table 5 – Amount of County Precept by District - 2015/16**

<b>District Council</b>	<b>Council Tax base</b>	<b>County Precept £</b>
Ashfield	31,052.20	38,540,128
Bassetlaw	32,545.35	40,393,336
Broxtowe	32,400.60	40,213,681
Gedling	35,610.06	44,197,070
Mansfield	27,751.40	34,443,373
Newark & Sherwood	36,770.96	45,637,909
Rushcliffe	39,923.10	49,550,156
<b>Total</b>	<b>236,053.67</b>	<b>292,975,653</b>

31. Discussions have been held with District and Borough councils and the dates shown in Table 6 have been agreed for the collection of the precept:

**Table 6 – Proposed County Precept Dates - 2015/16**

<b>2015</b>	<b>2016</b>
20 April	4 January
29 May	5 February
1 July	11 March
5 August	
10 September	
15 October	
19 November	

32. The dates shown are those by which the County Council's bank account must receive the credit, otherwise interest is charged. Adjustments for net variations in amounts being collected in 2014/15 will be paid or refunded on the same dates.

### **Post Consultation Medium Term Financial Strategy (MTFS)**

33. The Budget report to the February Council in 2014 forecast a budget gap of £77m for the three years to 2017/18. Since the report to Policy Committee in November 2014, the model has been rolled forward a year and a review of the underlying assumptions contained in the Council's MTFS has taken place. The impact of this was reported to Finance and Property Committee earlier this month.
34. The Council's overall MTFS for the four years to 2018/19 is shown in Table 7. It shows that whilst the Council can deliver a balanced budget in 2015/16, further savings will need to be identified in each of the following three years to 2018/19, based on current assumptions.
35. In summary from 2016/17 onwards, the Council is currently projecting a budget gap of a further £25.7m across the duration of the MTFS. Further proposals on how the budget will be balanced for the following three years will be considered as part of work to evaluate Redefining Your Council.

**Table 7 – Medium Term Financial Strategy 2015/16 – 2018/19**

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	TOTAL £m
<b>Year-on-year savings requirement (November report)</b>	<b>25.9</b>	<b>19.0</b>	<b>32.4</b>	<b>-</b>	<b>77.3</b>
Roll forward of MTFS	-	-	-	11.3	11.3
Savings Proposals	(6.6)	(11.9)	(11.9)	-	(30.4)
Post consultation adjustments	0.2	1.8	0.1	(1.9)	0.2
Revised pressures and running cost inflation	(4.3)	(3.9)	(3.8)	6.7	(5.3)
Interest and borrowing	0.5	0.8	0.5	0.5	2.3
Change in Council Tax base	(3.4)	(0.4)	(0.5)	(0.5)	(4.8)
Collection Fund surplus / deficit	(2.3)	2.3	-	-	-
Changes in Government grant (inc. CTFG)	2.6	(5.0)	1.1	0.6	(0.7)
Increase in Council Tax 1.99%	(5.7)	(5.8)	(6.0)	(6.2)	(23.7)
Corporate Adjustments	0.9	7.2	(7.1)	(1.5)	(0.5)
Changes in use of reserves	(7.8)	7.8	-	-	-
<b>Revised year-on-year shortfall</b>	<b>-</b>	<b>11.9</b>	<b>4.8</b>	<b>9.0</b>	<b>25.7</b>

## Capital Programme and Financing

36. Local authorities are able to determine their overall levels of borrowing, provided they have regard to the Prudential Code for Capital Finance in Local Authorities published by CIPFA. It is, therefore, possible to increase the capital programme and finance this increase by additional borrowing provided that this is “affordable, prudent and sustainable”. This is in addition to capital expenditure funded from other sources such as external grants and contributions, revenue and reserves. The revenue implications of the capital programme are provided for and integrated within the revenue budget.
37. The Council's capital programme has been reviewed as part of the 2015/16 budget setting process. Savings and re-profiling with a total value of £6.9m have been identified in 2015/16 as part of this exercise. These savings, along with capital reserves and contingencies, will be used to fund new inclusions. The capital programme is monitored closely in order that variations to expenditure and receipts can be identified in a timely manner. Any subsequent impact on the revenue budget and associated prudential borrowing indicators will be reported to the Finance & Property Committee.
38. During the course of 2014/15, some variations to the capital programme have been approved by Policy Committee, Finance & Property Committee and by the Section 151 Officer in accordance with the Council's Financial Regulations. Following a review of the capital programme and its financing, some proposals have been made regarding both new schemes and extensions to existing schemes in the capital programme. These proposals

are identified in paragraphs 39 to 73. Schemes will be subject to Latest Estimated Cost (LEC) reports in accordance with the Council's Financial Regulations.

### **Children and Young People (CYP)**

#### **39. School Capital Refurbishment Programme (SCRП)**

The School Capital Refurbishment Programme totalling £58.6m over the period 2013/14 to 2015/16 is already approved as part of the Children and Young People's capital programme. A 2015/16 School Condition Grant allocation of £6.241m has been confirmed by the Department for Education. This figure is also indicative of the allocations that will be received in 2016/17 and 2017/18.

**It is proposed that the Children and Young People's capital programme is amended to reflect the newly announced School Condition Grant allocations.**

- 40. **Priority Schools Building Programme (PSBP)** - The current PSBP programme will provide a total of 15 new schools across the County over the next two or three years. To help part fund the Council's contribution to the programme a Departmental Reserve totalling £1.621m has been established.
- 41. **It is proposed that the capital programme is varied to reflect the Council's £1.621m contribution to the PSBP programme funded by reserves.**
- 42. **Looked After Children Provision** – It is proposed that two spend-to-save projects are undertaken at Lyndene and West View children's residential homes to provide additional placements for looked after children.
- 43. **It is proposed that a £0.289m allocation, funded from reserves, is incorporated into the capital programme to support the provision of additional placements.**

### **Transport and Highways**

- 44. **Road Maintenance and Renewals and Integrated Transport Measures** – Higher than forecast grant funding for 2015/16 has been announced by the Department for Transport which allows a saving against the overall borrowing requirement. The result is an increase in the overall programme and this has enabled the Council to re-align its contribution towards the Integrated Transport Measures programme.
- 45. These allocations require inclusion into the capital programme as shown in Table 8:

**Table 8 – Capital Allocations Road Maintenance and Renewals and Integrated Transport Measures**

<b>Year</b>	<b>Road Maintenance and Renewals</b>	<b>Integrated Transport Measures</b>
<b>2015/16</b>	£14.920m	£4.416m
<b>2016/17</b>	£13.678m	£4.416m
<b>2017/18</b>	£13.264m	£4.142m
<b>2018/19</b>	£12.006m	£4.416m
<b>2019/20</b>	£12.006m	£4.416m
<b>2020/21</b>	£12.006m	£4.416m

46. **It is proposed that the capital programme is amended to reflect the allocations as detailed above.**
47. **Salix Funded Street Lighting** – A spend-to-save initiative, totalling £1.8m, to replace lanterns in street lights for lower energy options is already in the approved capital programme. The Council has been awarded additional Salix loans of £900k per annum from 2015/16 to 2018/19 to extend this programme.
48. **It is proposed that a £0.9m allocation, funded from borrowing, is incorporated into the Transport and Highways capital programme for the years 2015/16 to 2018/19.**

#### **Adult Social Care and Health**

49. **ASCH Strategy** – It is proposed that two spend-to-save capital projects are undertaken to contribute towards the Adult Social Care and Health Strategy. Capital investment totalling £0.3m will enable the co-location of County Enterprise Food production and distribution. Additional investment of £0.094m will enable the service to utilise assistive technology to help target services required by vulnerable people.
50. **It is proposed that a £0.394m allocation, funded from capital contingency, is incorporated into the Adult Social Care and Health capital programme.**

#### **Economic Development**

51. **Superfast Extension Programme** – The Council has secured £2.63m of funding from Broadband Delivery UK matched with the Local Growth Fund to extend Superfast Broadband. As a result of this additional funding, it is expected that close to 97% of Nottinghamshire premises will benefit from fibre-based broadband.
52. **It is proposed that the Superfast Broadband budget is increased to reflect the £5.6m external funding.**

## **Finance and Property**

53. **Sir John Robinson House** – During the course of carrying out planned maintenance works at Sir John Robinson House, concerns were raised regarding its structural fabric. Emergency works have been required to secure the building and make it water tight in accordance with listed building consents and to maintain its operational status.
54. **It is proposed that £2.2m, funded from capital contingency, is included in the capital programme to fund the emergency works required at Sir John Robinson House.**
55. **Trent Bridge House Soil Stacks** – Serious problems have been uncovered within the foul water drainage system. Works are required to eliminate these issues and to ensure that the building can be maintained at full operational capacity.
56. **It is proposed that £0.180m, funded from reserves, is included in the Finance and Property capital programme to fund the Trent Bridge House Soil Stacks project.**
57. **County Office Security** – The Access Security Systems need to be upgraded within the County Offices to allow full compatibility and support with Microsoft Windows 7. This would deliver a more secure and fit-for-purpose system.
58. **It is proposed that £0.150m, funded from reserves, is included in the Finance and Property capital programme to fund the County Office Security project.**
59. **The Hall – Dilapidations Settlement** – The Hall was leased from Rushcliffe Borough Council for use as offices and as a registry office. The lease was recently terminated and the terms of the contract require the Council to hand the property back in good and substantial repair. A £0.160m dilapidations settlement has been reached with the landlord.
60. **It is proposed that £0.160m, funded from reserves, is included in the Finance and Property capital programme to fund The Hall Dilapidations Settlement.**
61. **Customer Service Centre and Multi-Agency Safeguarding Hub** – Mercury House can no longer sustain the staff numbers required to meet the requirements of the new service delivery models and channel shift. Capital investment totalling £0.8m is required to make the preferred building solution suitable.
62. **It is proposed that £0.8m, funded from capital contingency, is included in the Finance and Property capital programme to fund the Customer Service Centre and Multi-Agency Safeguarding Hub project.**
63. **Demolition of County Hall CLASP Block** – As part of the Ways of Working programme the County Hall CLASP Block has become surplus to

requirement. It is proposed that the block is demolished to enable land to be marketed and sold for development.

64. **It is proposed that £1.3m, funded from capital contingency, is included in the Finance and Property capital programme to fund the demolition of the CLASP Block.**
65. **Energy and Carbon Saving in Nottinghamshire** - It is proposed that a scheme is set up to enable investment into spend-to-save energy and water efficiency measures to supplement the current capital programme and property maintenance budgets.

**It is proposed that £1m per annum to 2017/18, funded from contingency, is included in the Finance and Property capital programme to fund the Energy and Carbon Saving scheme.**

66. **ICT Strategy** – The ICT Strategy 2014-17 was approved at Policy Committee on 7 May 2014. The strategy pulls together the five ICT strategic themes that will support business transformation across the Council – Workforce Mobilisation, Customer Channel Shift, Business Performance Reporting, Partnership Working and Reliability and Compliance. Capital investment of £6.275m is required to support the ICT strategy of which £1.9m is already approved. Additional funding requirements can be profiled as follows:

**Table 9 – Capital Allocations ICT Strategy**

Year	ICT Strategy
2014/15	£0.430m
2015/16	£2.145m
2016/17	£1.800m

67. **It is proposed that the amounts above, funded from reserves and capital contingency, is included in the Finance and Property capital programme to fund the ICT Strategy**

#### **Culture**

68. **Sherwood Forest Visitor Centre** – The Council remains committed to replacing the existing visitor centre facilities that support the visitor experience at Sherwood Forest. A report to Culture Committee in October 2014 approved the procurement process to be followed in order to secure a partner to build and manage the Visitor Centre and Park. An additional £2.464m is proposed to support the capital elements of the project.
69. **It is proposed that £2.464m, funded from capital contingency, is incorporated into the Culture capital programme to fund the new Sherwood Forest Visitor Centre and Park.**

## Capital Programme Contingency

70. The capital programme requires an element of contingency funding for a variety of purposes, including urgent capital works, schemes which are not sufficiently developed for their immediate inclusion in the capital programme, possible match-funding of grants and possible replacement of reduced grant funding.
71. A number of capital bids described above are proposed to be funded from uncommitted contingency across the period to 2018/19. The levels of contingency funding remaining in the capital programme are as follows:-

**Table 10 – Capital Allocations Contingency**

Year	Contingency
2015/16	£1.800m
2016/17	£1.800m
2017/18	£1.800m
2018/19	£4.000m

## Revised Capital Programme

72. Taking into account schemes already committed from previous years and the additional proposals detailed above, the summary capital programme and proposed sources of financing for the years to 2018/19 are set out in Table 11.

**Table 11 – Summary Capital Programme**

	Revised 2014/15 £'m	2015/16 £'m	2016/17 £'m	2017/18 £'m	2018/19 £'m	TOTAL £'m
<b>Committee:</b>						
Children & Young People*	37.593	40.400	32.051	8.241	2.000	120.285
Adult Social Care & Health	1.567	6.920	11.707	1.000	4.500	25.694
Transport & Highways	34.373	38.786	28.958	24.838	23.322	150.277
Environment & Sustainability	2.419	1.913	1.784	1.500	1.500	9.116
Community Safety	0.004	-	-	-	-	0.004
Culture	4.089	1.051	4.912	0.700	-	10.752
Policy	3.396	1.221	0.110	-	-	4.727
Finance & Property	12.024	12.801	9.527	4.400	3.400	42.152
Personnel	1.903	0.095	0.070	0.070	0.070	2.208
Economic Development	5.995	7.052	3.868	2.902	1.000	20.817
Contingency	-	1.800	1.800	1.800	4.000	9.400
<b>Capital Expenditure</b>	<b>103.363</b>	<b>112.039</b>	<b>94.787</b>	<b>45.451</b>	<b>39.792</b>	<b>395.432</b>
<b>Financed By:</b>						
Borrowing	31.654	55.452	41.044	16.770	20.700	165.620
Capital Grants †	49.401	51.829	50.885	27.461	17.922	197.498
Revenue/Reserves	22.308	4.758	2.858	1.220	1.170	32.314
<b>Total Funding</b>	<b>103.363</b>	<b>112.039</b>	<b>94.787</b>	<b>45.451</b>	<b>39.792</b>	<b>395.432</b>

\* These figures exclude Devolved Formula Capital allocations to schools.

† Indicative Government funding for Transport and Schools is included in 2016/17 to 2018/19.

73. The capital programme for 2014/15 includes £25m of re-phased or slipped expenditure previously included in the capital programme for 2013/14.

### **Capital Receipts**

74. In preparing the capital programme, a full review has been carried out of potential capital receipts. The programme still anticipates significant capital receipts over the period 2014/15 to 2018/19. Any shortfall in capital receipts is likely to result in an increase in prudential borrowing. Forecasts of capital receipts are shown in Table 12.

**Table 12 – Forecast Capital Receipts**

	2014/15 £'m	2015/16 £'m	2016/17 £'m	2017/18 £'m	2018/19 £'m	TOTAL £'m
<b>Forecast Capital Receipts</b>	<b>4.5</b>	<b>6.9</b>	<b>13.4</b>	<b>14.3</b>	<b>11.1</b>	<b>50.2</b>

75. The Council is required to set aside a Minimum Revenue Provision (MRP) in respect of capital expenditure previously financed by borrowing. In recent years, the Council has sought to minimise the revenue consequences of borrowing by optimising the use of capital receipts to reduce the levels of MRP in the short to medium term. As such, the Council's strategy is to apply capital receipts to borrowing undertaken in earlier years, rather than using them to fund in-year expenditure. Although this will be presented as a higher level of in-year borrowing, the overall level of external debt will be unaffected. This policy will be reviewed on an annual basis.
76. One of the requirements of the Local Government Act 2003 is that the Council must set an "Authorised Limit" for its external borrowings. Any potential breach of this limit would require authorisation from the Council. There are a number of other prudential indicators that are required by The Prudential Code to ensure that the proposed levels of borrowing are affordable, prudent and sustainable. The values of the Prudential Indicators are proposed in Appendix F.
77. In accordance with the "CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes", it is proposed that the Council approves a Treasury Management Strategy and Policy for 2015/16. The Strategy is in Appendix G and the Policy is in Appendix H.
78. It is proposed that the Service Director – Finance and Procurement be allowed to raise loans within the authorised limit for external borrowing, subject to the limits in the Treasury Management Strategy for 2015/16.



## Equality Impact Assessments

79. Public authorities are required by law to have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation
  - advance equality of opportunity between people who share protected characteristics and those who do not
  - foster good relations between people who share protected characteristics and those who do not.
80. Decision makers must understand the effect of policies and practices on people with protected characteristics. Equality impact assessments are the mechanism by which the authority considers these effects.
81. Equality implications have been considered during the development of the budget proposals and equality impact assessments were undertaken on each proposal approved as part of the 2015/16 MTFS. In addition the Human Resources (HR) policies that will be applied to any staffing reductions have been the subject of Equality Impact Assessments. This includes assessments which are available as background papers on the following relevant HR policies:
- Enabling process
  - Redundancy process
  - Redundancy selection criteria
  - Selection and recruitment process
  - Re-deployment process
82. It is essential that Members give due regard to the implications for protected groups in the context of their equality duty in relation to this decision.

## **Statutory and Policy Implications**

83. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## Recommendations

It is recommended that:

### **Reference**

- |   |         |
|---|---------|
| 1) The Annual Revenue Budget for Nottinghamshire County Council is set at £487.227 million for 2015/16. | 22      |
| 2) The principles underlying the Medium Term Financial Strategy be                                      | Table 7 |

approved.

- |  |                    |
|--|--------------------|
| 3) That the Category B and C proposals be approved and implemented subject to any further required consultation.   | Appx. A and B      |
| 4) The Finance & Property Committee be authorised to make allocations from the General Contingency for 2015/16.  | 24                 |
| 5) The County Council element of the Council Tax is increased by 1.99%, that is, set at a standard Band D tax rate of £1,241.14 with the various bands of property as set out in the report                | 28                 |
| 6) The County Precept for the year ending 31 March 2016 shall be £292,975,653 and shall be applicable to the whole of the district council areas as General Expenses.                                      | 30                 |
| 7) The County Precept for 2015/16 shall be collected from the District and Borough Councils in the proportions set out in Table 5 with the payment of equal instalments on the dates set out in the report | Table 5<br>Table 6 |
| 8) The Capital Programme for 2015/16 to 2018/19 be approved at the total amounts below and be financed as set out in the report:   | Table 11           |

Year	Capital Programme
<b>2015/16</b>	£112.039m
<b>2016/17</b>	£94.787m
<b>2017/18</b>	£45.451m
<b>2018/19</b>	£39.792m

- |   |         |
|---|---------|
| 9) The variations to the Capital Programme be approved.   | 39-73   |
| 10)The Minimum Revenue Provision policy for 2015/16 be approved.  | Appx. E |
| 11)The Prudential Indicators be approved.   | Appx. F |
| 12)The Service Director – Finance & Procurement be authorised to raise loans in 2015/16 within the limits of total external borrowings. | 78      |
| 13)The Treasury Management Strategy for 2015/16 be approved.  | Appx. G |
| 14)The Treasury Management Policy for 2015/16 be approved.  | Appx. H |
| 15)The report be approved and adopted.  |         |

**COUNCILLOR DAVID KIRKHAM  
CHAIRMAN OF FINANCE AND  
PROPERTY COMMITTEE**

**COUNCILLOR ALAN RHODES  
LEADER OF THE COUNCIL**

## **Constitutional Comments (JFW 09/02/2015)**

The proposals within this report are within the remit of Full Council.

## **Human Resources Implications (MT 09/02/2015)**

The savings proposals which require staffing reductions have been the subject of a separate statutory consultation period with affected employees and the recognised trades unions. Consultation with trades union colleagues has taken place through the corporate and departmental joint consultative and negotiating framework and special meetings arranged to allow the opportunity for further dialogue.

Any staffing reductions will be implemented in accordance with the Council's agreed policies and procedures and all reasonable steps taken to minimise the number of compulsory redundancies. This will include considering requests for voluntary redundancy and identifying redeployment and retraining opportunities where possible.

## **Financial Comments of the Service Director, Finance & Procurement (NS 09/02/2015)**

The budget proposed has been prepared taking into account the major strategic objectives of the Council as set out in the Strategic Plan 2014 to 2018 (Council, 16 January 2014) and reflects all significant cost variations that can be anticipated.

The budget has been prepared in conjunction with the Corporate Leadership Team and other senior officers, and through significant member engagement via Policy Committee and Finance & Property Committee. There has been robust examination and challenge of all spending pressures and savings proposals.

As is the case in the current financial year, strict budgetary control will be maintained throughout 2015/16. Departments will be required to utilise any departmental underspends to offset unexpected cost increases that exceed the resources that have been provided to meet known cost pressures and inflation. To the extent that that this may be insufficient or that other unexpected events arise, the Council could potentially call on its General Fund balances.

The levels of reserves and balances have been reviewed and are considered to be adequate. However, in comparison to recent years the level of General Fund balances in particular, is expected to be substantially reduced.

The forecast reduction in General Fund balances has been the result of using reserves to balance previous year's budgets and continued use in 2015/16. Whilst this has been in accordance with guidance from the DCLG and will result in the Council still being above the level that is considered prudent, further reductions in General Fund balances would need to be taken only after careful assessment and consideration of the overall level of financial risk.

Given the severity of the financial challenges facing the Council, the budget has been prepared on the basis of accepting a higher level of financial risk than has

previously been the case. The contingency budget will be used to mitigate the impact should any of the savings proposals be delayed or not deliver as planned. The risks and assumptions have been communicated to, and understood by, elected Members and the Corporate Leadership Team.

The budget is, in my opinion, robust and meets the requirements of the Local Government Finance Act 1992, the Local Government Act 2003 and the CIPFA Prudential Code. The proposals for 2015/16 fulfil the requirement to set a balanced budget.

### **Background Papers Available for Inspection:**

- Category A proposals
- Equality Impact Assessments which are published on the Council's website at: <http://www.nottinghamshire.gov.uk/thecouncil/democracy/equalities/eqia/>
- Budget Pressures & Inflation
- Consultation response dashboard
- Redefining Your Council