

## Finance and Property Committee

**Wednesday, 08 February 2017 at 14:00**

County Hall, County Hall, West Bridgford, Nottingham, NG2 7QP

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### AGENDA

- |   |  |         |
|---|--|---------|
| 1 | Minutes of the last meeting held on 16 January 2017  | 3 - 6   |
| 2 | Apologies for Absence  |         |
| 3 | Declarations of Interests by Members and Officers:- (see note below)<br>(a) Disclosable Pecuniary Interests<br>(b) Private Interests (pecuniary and non-pecuniary) |         |
| 4 | Budget Report  | 7 - 22  |
| 5 | Work Programme   | 23 - 26 |

None

### **Notes**

- (1) Councillors are advised to contact their Research Officer for details of any Group Meetings which are planned for this meeting.
- (2) Members of the public wishing to inspect "Background Papers" referred to in the reports on the agenda or Schedule 12A of the Local Government Act should contact:-

Customer Services Centre 0300 500 80 80

- (3) Persons making a declaration of interest should have regard to the Code of

Conduct and the Council's Procedure Rules. Those declaring must indicate the nature of their interest and the reasons for the declaration.

Councillors or Officers requiring clarification on whether to make a declaration of interest are invited to contact Peter Barker (Tel. 0115 977 4416) or a colleague in Democratic Services prior to the meeting.

- (4) Councillors are reminded that Committee and Sub-Committee papers, with the exception of those which contain Exempt or Confidential Information, may be recycled.
- (5) This agenda and its associated reports are available to view online via an online calendar - <http://www.nottinghamshire.gov.uk/dms/Meetings.aspx>

Meeting      FINANCE AND PROPERTY COMMITTEE

Date          16 January 2017 (commencing at 2pm)

**Membership**

Persons absent are marked with an 'A'

**COUNCILLORS**

Councillor David Kirkham (Chair)  
Councillor Darren Langton (Vice Chair)

Richard Butler	Liz Plant
Kay Cutts	Mike Pringle
Stephen Garner	Darrell Pulk
Richard Jackson	Ken Rigby
Diana Meale	

**OFFICERS IN ATTENDANCE**

Pete Barker	Democratic Services
Jayne Francis-Ward	Corporate Director, Resources
Andrew Stevens	Group Manager, Property
Nigel Stevenson	Service Director, Finance & Procurement

**MINUTES OF THE LAST MEETING**

The minutes of the last meeting held on 19 December 2016, having been circulated to all Members, were taken as read and were confirmed, and were signed by the Chair.

**APOLOGIES FOR ABSENCE**

No apologies for absence were received.

**MEMBERSHIP**

It was reported that Councillor Richard Jackson had been appointed in place of Councillor Adair, for this meeting only.

**DECLARATIONS OF INTERESTS**

No declarations of interest were made.

## **FINANCIAL MONITORING REPORT: PERIOD 8 2016/2017**

### **RESOLVED: 2017/001**

- 1) To note the revenue budget expenditure to date and year end forecasts.
- 2) To note the Capital Programme expenditure to date and year end forecasts and approve variations to the Capital Programme.
- 3) To note the Council's Balance Sheet transactions.

## **FORMER SHERWOOD INDUSTRIES SITE, RAINWORTH – DISPOSAL**

### **RESOLVED: 2017/002**

That approval be given to the disposal of the former Sherwood Industries site to Purchaser 'A' as outlined in the report and exempt appendix.

## **OPERATIONAL DECISIONS ANNUAL REVIEW & QUARTERLY UPDATE SEPT – NOV 2016**

### **RESOLVED: 2017/003**

- 1) That the continued use of the amendments to the authorising of operational decisions, as originally approved by the Committee on 20 January 2014, be approved.
- 2) That the information set out in the report be noted.

## **WORK PROGRAMME**

The Work Programme contained some duplicated reports.

### **RESOLVED: 2017/004**

That the Committee's work programme be noted.

## **EXCLUSION OF THE PUBLIC**

### **RESOLVED: 2017/005**

That the public be excluded from the remainder of the meeting on the grounds that discussions are likely to involve the disclosure of exempt information described in paragraph 3 of the Local Government (Access to Information) (Variation) Order 2006 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## **EXEMPT INFORMATION ITEMS**

### **FORMER SHERWOOD INDUSTRIES SITE, RAINWORTH – DISPOSAL**

#### **RESOLVED: 2017/006**

That the information set out in the exempt appendix be noted.

### **OPERATIONAL DECISIONS ANNUAL REVIEW & QUARTERLY UPDATE SEPT – NOV 2016**

#### **RESOLVED: 2017/007**

That the information set out in the exempt appendix be noted.

The meeting closed at 2.13pm.

CHAIR



**REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT AND  
IMPROVEMENT****REVENUE BUDGET PROPOSALS 2017/18  
CAPITAL PROGRAMME PROPOSALS 2017/18 to 2020/21  
MEDIUM TERM FINANCIAL STRATEGY 2017/18 to 2020/21  
COUNCIL TAX PROPOSALS 2017/18****Purpose of the Report**

1. To consider the contents of the budget report that will be taken to Full Council on 23 February 2017 with specific reference to:
  - the Annual Revenue Budget for 2017/18
  - the Capital Programme for 2017/18 to 2020/21
  - the Medium Term Financial Strategy for 2017/18 to 2020/21
  - the level of the Council Tax Precept for 2017/18

**Background**

2. A budget update report was submitted to Policy Committee on 16 November 2016 which set out the financial landscape within which the Council is operating and noted the anticipated budget shortfall of £54.6m over the three years to 2019/20. The report also provided an update on the budget consultation.
3. Since November, the Council has carried out a full review of the budget pressures and underlying assumptions within the Medium Term Financial Strategy. The Council has also received provisional information on the level of funding it can expect in 2017/18. This report outlines the recommendations that will be submitted for approval to the Annual Budget Meeting on 23 February 2017.

**Autumn Statement 2016 and Local Government Settlement 2017/18**

4. On 23 November 2016, the Chancellor of the Exchequer gave his first Autumn Statement since the referendum vote to leave the European Union. The Office of Budget Responsibility (OBR) also published its Economic and Fiscal Outlook.
5. The following announcements in the Autumn Statement and OBR report were key:
  - The public sector deficit has been cut by almost two thirds since 2009/10 but, despite this, borrowing and debt remain high and the OBR has expressed a view that the economic and fiscal outlook for the UK has deteriorated since the referendum. Forecasts for economic growth have subsequently been revised downwards over the whole forecast

period due to uncertainty associated with Brexit. Retail Price Inflation is expected to rise to 3.6% during 2018 with unemployment forecasts revised upwards to a peak of 5.5% in mid-2018.

- There has been a reduction to the 2017/18 Local Government Settlement Funding Assessment of 10.6% compared to 2016/17. As part of this there has been an overall reduction in Revenue Support Grant of 30.7%
6. On 15 December 2016, a provisional Local Government Finance Settlement was announced, which included the following:
- In October 2016, the Council accepted the offer from the Secretary of State for Local Government the option of a four year funding settlement to run to 2019/20. The second year of this funding settlement has been confirmed.
  - It was confirmed that the 2.00% Council Tax Referendum Principle would remain in place.
  - In addition, it was announced that local authorities would be able to increase the Adult Social Care Precept by up to 3% in both 2017/18 and 2018/19 but by no more than a 6% increase in total by 2019/20.
  - Reforms to the New Homes Bonus were also announced. The savings from these reforms will be retained to fund a new £240m Adult Social Care Grant which will be distributed on the basis of relative need. This will be available for local authorities temporarily in 2017/18. The Government also announced that it will be implementing wider planning reforms which may result in further changes to the New Homes Bonus in future years.

### **Managing the Future – A Strategic Response**

7. Delivering savings will become increasingly more challenging following successive reductions in Government funding and rising demand for services over a number of years. The stark economic and fiscal backdrop for public finances calls for a strategic rather than a piecemeal response.
8. Consequently, a number of high-level strategic approaches to tackling the budget shortfall are being developed that support this fundamental transformation. These strategies build on the Council's existing planning framework and include the following initiatives - Smarter Ways of Working, Commercial Strategy, Alternative Service Delivery Models, Digital by Design, Promoting Independence, Adult Social Care Strategy and Remodelling Children's Care.

### **Budget Consultation**

9. The 2017/18 budget consultation was carried out in two phases with the first phase beginning on 22 August 2016 and the second phase ending on 13 January 2017. In total there were 6,209 responses.
10. The first phase of the budget consultation was incorporated into the Annual Residents Satisfaction Survey which was carried out between 22 August and 3 October 2016.



Questions in this first phase focused on satisfaction with Council services and where residents felt spending should be prioritised.

11. There were a total of 4,974 responses with the survey conducted face to face and also available to all residents through the Council's website and printed copies at all the County's libraries. Results and analysis were reported to Policy Committee on 14 December 2016.
12. The results and analysis from the first phase of the budget consultation also contributed to the formulation of proposed new approaches and ways of working in which the Council could operate in the future to meet its budget challenge.
13. The second phase of the budget consultation focused on to what extent residents agreed or disagreed with these proposed new approaches with an opportunity to add any additional comments or suggestions.
14. The Survey was carried out between 14 December 2016 and 13 January 2017. The Survey was sent out to 2,917 members of the Council's Citizens' Panel with an email address (from the total of 5,412 panel members) through the Council's email bulletin system. In line with the statutory duty to consult with business groups the survey was also sent to key stakeholders in the Nottinghamshire Business Engagement Group and to local businesses who had subscribed to the Council's business email bulletin.
15. This methodology was selected so it could be delivered at zero cost by using existing Council digital channels. It also ensured all respondents had participated or were at least aware of the first stage of the budget consultation.
16. There were a total of 1,235 responses, with 391 respondents who added further comments or suggestions. The results are summarised in Appendix B.

### **Movements in the Medium Term Financial Strategy (MTFS)**

17. The Budget report to the February Council in 2016 forecast a budget gap of £50.2m for the three years to 2019/20. The November report to Policy Committee showed a revised budget shortfall of £54.6m. Since the November report, the MTFS has been rolled forward a year to reflect the four year term to 2020/21 and a rigorous review of the Council's MTFS assumptions has taken place. The impact of these is set out in the paragraphs below.
18. It should be noted that the four year settlement accepted by the Council concludes in 2019/20. Following this, there is much uncertainty surrounding the move to 100% retention of business rates. Other areas of uncertainty exist throughout the term of the MTFS such as other Government funding issues and the implications of the European Referendum result. As such, the MTFS will continue to be reviewed regularly to ensure that it reflects the latest information available.

### **Revised Pressures and Running Cost Inflation**

19. When the 2016/17 budget was approved in February 2016, specific pressures totalling £28.8m were identified in respect of children's and adult social care for the period to 2019/20. A further expectation of £45.2m for specific inflationary pressures were also included.

20. Departments have been encouraged to manage any new pressures within existing resources. In addition, existing pressures have been reviewed.
21. In recent years, no uplift has been provided for inflation on non-pay items, except where a specific business need has been identified. It is proposed that this approach is continued for the duration of the MTFS.
22. Table 1 tracks the movement in pressures and inflation that has occurred since February with details of the revised figures in Appendix A.

**Table 1 – Movement in Pressures and Inflation**

<b>Committee</b>	<b>Original Pressures 2017/18-2019/20 £m</b>	<b>Original non-pay inflation 2017/18-2019/20 £m</b>	<b>Net movement £m</b>	<b>Current Total Requirement 2017/18-2020/21 £m</b>
Children & Young People	2.2	0.4	3.7	6.3
Adult Social Care & Health	9.2	23.9	5.6	38.7
Transport & Highways	-	3.0	0.7	3.7
Environment & Sustainability	-	3.4	0.8	4.2
Finance & Property	-	0.3	0.2	0.5
Cross Committee	-	0.2	(0.2)	-
<b>Total</b>	<b>11.4</b>	<b>31.2</b>	<b>10.8</b>	<b>53.4</b>

### **Pay Award Inflation**

23. MTFS expectations had included a 1% increase in pay from 1 April 2016, followed by a further 1% increase in each of the subsequent years across the MTFS. In April 2016, a pay award of 1% was agreed across local government effective from 1 April 2016 to March 2018 (with larger increases for the lowest paid). This agreement equated to the cumulative expectation in the MTFS. An assumed increase of 1% per annum from 2018/19 onwards has remained unchanged. Also, funding is set aside in contingency for National Living Wage Foundation and larger increases for the lower paid.

### **Savings / Efficiencies**

24. The Medium Term Financial Strategy includes previously approved savings options totalling £23.6m from 2017/18. In addition to this, the Council approved a number of efficiencies and base budget reviews through appropriate Committees.

### **MTFS Assumptions and Projections**

25. In addition to the reductions in budget pressures and inflation, a detailed review has been undertaken of the assumptions that underpin the MTFS. A similar review was undertaken in previous years. This resulted in a reduced level of corporate contingencies, along with a range of other adjustments, to help deliver a balanced budget. This has diminished the level of flexibility previously available and led to the Council adopting a higher level of financial risk than in previous years.

26. This approach has helped to avoid deeper reductions in services in 2016/17. In addition, by drawing on General Fund Balances and other reserves, the Council is able to deliver a balanced budget for 2017/18. Nonetheless, whilst the Council can set a balanced budget for the next financial year, from 2018/19 onwards, there is a projected budget gap of a further £62.9m across the duration of the MTFS. Further proposals as to how the budget will be balanced for the following three years, will need to be made over the coming months. This will be an immediate priority for the administration after the County Council elections in May 2017.

### **Interest & Borrowing**

27. The level of borrowing undertaken by the Council is heavily influenced by the capital programme and the associated expenditure profile of approved schemes. Slippage can result in reduced borrowing in the year, although this will still be incurred at a later date when schemes are completed. Interest payments are based on an estimated interest rate which can also fluctuate depending on the market rates at the time the borrowing is undertaken. The level of external borrowing undertaken will also increase as the Council's level of reserves declines, as this effectively reduces the Council's ability to borrow internally.
28. The Council's position is monitored regularly in relation to these two variables and the latest budget monitoring report forecasts an overspend of at least £0.8m for the current year. The 2017/18 budget for interest and debt repayments has therefore been increased by £1.0m to reflect the overall position. This will continue to be closely monitored to ensure interest and debt payments are adequately provided for in future years.

### **Contingency**

29. An acceptable minimum level of contingency is needed for unforeseen events, redundancy payments and non-delivery of savings. This is even more critical in an increased risk environment due to a more optimistic view of budget pressures. Given the in-year budget adjustments, there is a need to replenish the contingency budget and this is reflected in the MTFS assumptions.
30. As part of the budget construction process the base level for the contingency budget has been reduced by £1.0m. However, estimated cross committee pressures have been added for future allocation to Departments. These include the November increase of the Living Wage Foundation rates paid to Authority Employees, Business Rates Revaluations and the Apprenticeship Levy. The net reduction is £0.7m.

### **Tax Base**

31. As new houses are built the council tax base increases. Over the last 5 years the growth rate has fluctuated due, in part, to the challenging economic climate. Each of the District Councils were asked to provide their tax base forecasts for each of the four year review period. These forecasts have been incorporated into the MTFS.
32. The District and Borough Councils have provided tax base estimates for 2017/18 which equate to growth of 1.60%, an increase of £1.1m. In part this may be due to the recovery in the housing market and wider economy as well as the concerns relating to Localised Council Tax Benefit not materialising in full.

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

33. 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 the future years' tax receipts. In 2017/18, a weighted average is factored into the MTFS of £2,000,000. However, figures confirmed from the District and Borough Councils equate to a surplus of £3,330,419 for 2017/18, resulting in an increase of £1,330,419 for 2017/18. This has been factored into the MTFS as a one-off additional resource.

### **Government Grants**

34. Further reductions in Government funding had already been anticipated as part of the four year settlement and reflected in the MTFS accordingly. As part of the Local Government Settlement, however, reforms to the New Homes Bonus were announced. The funding saved from these reforms will be retained in full to fund a new £240m Adult Social Care Grant which will be distributed to Authorities on the basis of relative need. This is in recognition of the cost pressures faced by Councils with responsibility for providing Adult Social Care services and will be available for local authorities in 2017/18.
35. For Nottinghamshire, these changes have resulted in lower New Homes Bonus funding of £0.7m and a new Adult Social Care Grant of £3.5m in 2017/18, a net £2.8m increase of funding in 2017/18.
36. The National Funding Formula consultation for Schools and High Needs was undertaken in 2016. As a result of this, the 2017/18 Schools Revenue announcement set out changes to the Education Services Grant; the retained duties element of the grant will be transferred into the schools block and the general element will be removed from September 2017. The MTFS has been amended to reflect this reduction in grant.

### **Costs of Redundancies**

37. The Council seeks to maximise the use of voluntary redundancies to minimise the impact of any redundancies. Other Human Resource policies, such as retraining and redeployment, will also be used wherever possible to minimise the number of compulsory redundancies. The costs of either voluntary or compulsory redundancy are the same.
38. The costs of lump-sum retirement payments and the on-going pension costs are met from the Pension Fund and are not a cost to the Council budget. Redundancy payments and any Pension Strain costs are met by the Authority.
39. Two Section 188 notices have been published in 2016 on the 12<sup>th</sup> September and 10<sup>th</sup> October respectively on the basis of previously agreed savings proposals. It is likely that the actual implementation of any redundancies will occur in the next financial year so a provision will be set aside in the current year. This is in keeping with previous practice and, as per accounting guidance, will cover the anticipated redundancy costs only, leaving the remaining pension strain to be paid in 2016/17 or 2017/18.

## **Funding Transformation**

40. The current capital receipts policy is to set these against previous years' borrowing thereby reducing the impact of the Minimum Revenue Provision on the revenue accounts. The Chancellor announced in the 2015 Autumn Statement, however, changes to the rules for their use. From 1 April 2016, for a three year period, local authorities are able to spend any revenues they generate from selling surplus assets to fund expenditure on projects that:-
- Generate on-going revenue savings in the delivery of public services,
  - Transform service delivery to reduce costs
  - Transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.
41. It is proposed that transformational costs associated with the Programmes and Projects Team in both 2017/18 and 2018/19 are funded from this new flexibility.

## **Council Tax and Adult Social Care Precept 2017/18**

42. The four year settlement offered by the Government as part of the 2016/17 Local Government Settlement included assumptions that Council Tax would be increased by 1.75% per annum and local authorities would implement an Adult Social Care Precept of 2% in each year.
43. The 2017/18 Local Government Settlement re-affirmed the expectation that, in addition to the usual assumptions with regard to tax base growth, Councils would increase their Council Tax by 1.75%.
44. Also in the 2017/18 announcement, the Government has recognised the social care funding issues faced by upper tier local authorities by allowing the acceleration of the Adult Social Care and Health Precept. The announcement stated that such local authorities would be able to increase the Adult Social Care Precept by up to 3% in both 2017/18 and 2018/19 but by no more than a 6% increase in total by 2019/20.
45. In determining the local government settlement the Government has assumed that the Council would take the Adult Social Care Precept and increase Council Tax by 1.75% It is proposed, therefore, that the Council fixes any increase to local taxes to that expected by the Government, i.e. Council Tax is increased by 1.75% for 2017/18 and the Adult Social Care Precept is implemented at 3% in 2017/18. Future year changes to Council Tax levels will be reviewed as part of future MTFS reviews.

## Update to November Policy Committee Report

46. The overall impact of all the changes since the November Policy Committee report are shown in Table 2:

**Table 2 – Summary of Post November Changes**

	2017/18	2018/19	2019/20	2020/21	Total
	£m	£m	£m	£m	£m
Year on Year Savings requirement (November Report)	14.3	20.7	19.6	-	54.6
Roll forward of MTFS	-	-	-	18.3	18.3
Adjustments to Savings / Base Budgets	0.3	0.4	(0.3)	-	0.4
Review to Pressures and Inflation	(2.0)	(0.3)	(2.3)	(2.0)	(6.6)
Adjustments for Pay/Pensions Costs	1.4	(0.3)	(0.3)	0.2	1.0
Changes in Interest and Borrowing	1.0	0.3	-	(0.4)	0.9
Increase use of General Fund Balance	(2.2)	2.2	-	-	-
New Adult Social Care Support Grant	(3.5)	3.5	-	-	-
Changes to New Homes Bonus	0.7	(0.5)	-	-	0.2
Collection Fund Surplus / Deficit	(1.3)	1.3	-	-	-
Change in Council Tax Base	(1.1)	(0.3)	(0.1)	(0.6)	(2.2)
Change in Assumptions for Council Tax Increases	0.8	6.6	-	-	7.4
Increase of ASC Precept 3%	(9.4)	-	-	-	(9.4)
Other Corporate Adjustments	1.0	(2.6)	-	(0.2)	(0.2)
<b>Revised Gap</b>	<b>-</b>	<b>31.0</b>	<b>16.6</b>	<b>15.3</b>	<b>62.9</b>

## Financial Risks, Balances & Contingency

47. The County Council is legally obliged to set a balanced budget for each financial year. Additionally, a four year medium term financial strategy is required. As previously reported, there are significant risks and uncertainties associated with the current operational environment that local authorities are operating within, both short and medium term. It is therefore of paramount importance that the County Council takes appropriate measures to mitigate against these risks, whilst acknowledging that, given the level of uncertainty overall, contingency plans may not be sufficient.
48. Adequate levels of balances and contingency need to be maintained in order to provide short-term flexibility to manage unforeseen events, and to allow for the necessary longer term changes to be implemented. Central Government continues to encourage local authorities to use reserves to support their transformation agenda. More detail regarding the need to hold balances will be reported to Full Council as part of the 2017/18 Budget Report.

## **Capital Programme and Financing**

49. 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.
50. The Council's capital programme has been reviewed as part of the 2017/18 budget setting process. Savings and re-profiling with a total value of £26.0m have been identified in 2016/17 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 and Property Committee.
51. During the course of 2016/17, some variations to the capital programme have been approved by Policy Committee, Finance and 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.
52. Discussions are on-going with the Education Funding Agency (EFA) to agree a solution to rebuild the Orchard Special School in Newark. It is proposed that the Council contributes £5m of capital funding, in addition to the land that it owns, towards the cost of a new school. Alongside the capital investment in the Orchard Special School, a full review of Special School provision in the County is being undertaken. The outcome of this review will be reported to Finance and Property Committee in due course.
53. The detail of the capital programme will be reported to Council as part of the budget report.



## Revised Capital Programme

54. The summary capital programme and proposed sources of financing for the years to 2020/21 are set out in Table 3.

**Table 3 – Summary Capital Programme**

	<b>Revised 2016/17 £m</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>	<b>2020/21 £m</b>	<b>TOTAL £m</b>
<b>Committee:</b>						
Children & Young People*	25.711	33.063	36.771	7.500	7.500	110.545
Adult Social Care & Health	4.011	5.638	4.507	4.049	8.577	26.782
Transport & Highways	40.562	31.756	21.589	22.857	19.122	135.886
Environment & Sustainability	2.724	2.044	1.200	1.600	1.600	9.168
Community Safety	0.100	-	-	-	-	0.100
Culture	0.735	6.382	-	-	-	7.117
Policy	0.255	3.765	3.767	0.727	-	8.514
Finance & Property	11.235	14.276	7.402	5.552	5.010	43.475
Personnel	0.252	0.070	0.070	0.070	0.070	0.532
Economic Development	5.242	4.526	2.200	1.000	1.000	13.968
Contingency	0.000	1.000	1.000	1.000	1.000	4.000
<b>Capital Expenditure</b>	<b>90.827</b>	<b>102.520</b>	<b>78.506</b>	<b>44.355</b>	<b>43.879</b>	<b>360.087</b>
<b>Financed By:</b>						
Borrowing	32.268	56.851	33.967	20.113	19.637	162.836
Capital Grants †	56.324	44.072	43.719	23.422	23.422	190.959
Revenue/Reserves	2.235	1.597	0.820	0.820	0.820	6.292
<b>Total Funding</b>	<b>90.827</b>	<b>102.520</b>	<b>78.506</b>	<b>44.355</b>	<b>43.879</b>	<b>360.087</b>

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

† Indicative Government funding for Transport and Schools is included in 2018/19 to 2020/21.

55. The capital programme for 2017/18 includes £26m of re-phased or slipped expenditure previously included in the capital programme for 2016/17.

## Capital Receipts

56. 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 2017/18 to 2020/21. Any shortfall in capital receipts is likely to result in an increase in prudential borrowing. Forecasts of capital receipts are shown in Table 4.

**Table 4 – Forecast Capital Receipts**

	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>	<b>2020/21 £m</b>	<b>TOTAL £m</b>
<b>Forecast Capital Receipts</b>	<b>4.9</b>	<b>9.0</b>	<b>12.9</b>	<b>13.1</b>	<b>11.0</b>	<b>50.9</b>

57. 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.

58. 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. As set out above, in addition to this strategy, for 2017/18 and 2018/19, local authorities have been given the opportunity to use capital receipts to fund one off costs associated with transformation. This approach will be reviewed on an annual basis.

## **Statutory and Policy Implications**

59. 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.

## **RECOMMENDATION**

- 1) That a report be prepared for County Council on 23 February 2017 based on the budget proposals as set out in this report, including the proposed Council Tax and Adult Social Care Precept increases as expected by Central Government.

**NIGEL STEVENSON**

**SERVICE DIRECTOR – FINANCE, PROCUREMENT AND IMPROVEMENT**

**For any enquiries about this report please contact:**

**Keith Palframan, Group Manager – Financial Strategy and Compliance**

### **Constitutional Comments (KK 30/01/2017)**

Finance and Property Committee has responsibility for the financial management of the Authority including recommending to Council the financial strategy, annual revenue budget, annual capital budget, asset management plan and precept on billing authorities. The proposal in this report is therefore within the remit of this Committee.

### **Human Resources Comments (MT 16/01/2017)**

The human resources implications are set out within the body of the report.

Trades union colleagues have been consulted as part of the Section 188 process via departmental Joint Consultative and Negotiating Panels and invited to local consultation meetings with staff to discuss the detailed implementation of the proposals. Monthly updates to the trades union side have been provided as part of Central Joint Consultative and Negotiating Panels and the opportunity provided to raise and resolve any issues arising.

### **Financial Comments (NS 27/01/2017)**

The financial implications are set out in the report.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- Consultation response dashboard

### **Electoral Division(s) and Member(s) Affected**

All

## Appendix A

### Summary of Departmental Cost Pressures

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	TOTAL £000
<b>Children &amp; Young People</b>					
Special Guardianship Placements	251	508	463	564	1,786
Looked After Children / Provider Services	2,517	(334)	-	-	2,183
Agency Staff, Provider Services & Market Supplement (SWSO's)	473	(387)	(667)	(395)	(976)
SEND Transport	1,872	116	131	149	2,268
Historical Abuse Insurance Premiums	400	-	-	-	400
The Big House, loss of funding	173	-	-	-	173
<b>Subtotal Children &amp; Young People Pressures</b>	<b>5,686</b>	<b>(97)</b>	<b>(73)</b>	<b>318</b>	<b>5,834</b>
<b>Adult Social Care &amp; Health</b>					
Younger Adults	3,368	3,368	3,368	3,368	13,472
Deprivation of Liberty (DOLS)	-	657	555	-	1,212
<b>Subtotal Adult Social Care &amp; Health Pressures</b>	<b>3,368</b>	<b>4,025</b>	<b>3,923</b>	<b>3,368</b>	<b>14,684</b>
<b>Transport &amp; Highways</b>					
Highways Insurance Premiums	400	-	-	-	400
<b>Subtotal Transport &amp; Highways Pressures</b>	<b>400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400</b>
<b>Total Pressures</b>	<b>9,454</b>	<b>3,928</b>	<b>3,850</b>	<b>3,686</b>	<b>20,918</b>
<b>Finance &amp; Property</b>					
Bassetlaw PFI Inflation	115	115	115	115	460
<b>Subtotal Finance &amp; Property Inflation</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>460</b>
<b>Children &amp; Young People</b>					
National Living Wage - External	121	121	121	121	484
<b>Subtotal Children &amp; Young People Inflation</b>	<b>121</b>	<b>121</b>	<b>121</b>	<b>121</b>	<b>484</b>
<b>Adult Social Care &amp; Health</b>					
Social Care Inflation (Contract obligation)	520	1,000	1,000	1,000	3,520
National Living Wage - External	5,125	5,125	5,125	5,125	20,500
<b>Subtotal Adult Social Care &amp; Health Inflation</b>	<b>5,645</b>	<b>6,125</b>	<b>6,125</b>	<b>6,125</b>	<b>24,020</b>
<b>Transport &amp; Highways</b>					
Concessionary Travel	279	229	200	179	887
Local Bus & Schools inflation	580	140	140	140	1,000
Road Lighting Energy	247	648	248	248	1,391
<b>Subtotal Transport &amp; Highways Inflation</b>	<b>1,106</b>	<b>1,017</b>	<b>588</b>	<b>567</b>	<b>3,278</b>
<b>Environment &amp; Sustainability</b>					
Waste PFI Contract Growth	132	137	137	137	543
Waste PFI Contract Inflation	717	1,044	978	978	3,717
<b>Subtotal Environment &amp; Sustainability Inflation</b>	<b>849</b>	<b>1,181</b>	<b>1,115</b>	<b>1,115</b>	<b>4,260</b>
<b>Total Inflation</b>	<b>7,836</b>	<b>8,559</b>	<b>8,064</b>	<b>8,043</b>	<b>32,502</b>
<b>Total Pressures &amp; Inflation</b>	<b>17,290</b>	<b>12,487</b>	<b>11,914</b>	<b>11,729</b>	<b>53,420</b>



## Appendix B

### Summary of Consultation Results

Proposal	Agree/ Strongly Agree (%)	Disagree/ Strongly Disagree (%)
<b>Smarter Working</b> Implementing new smarter and flexible ways of working.	92%	1%
<b>More Commercial</b> Generating more income through trading and charging.	65%	14%
<b>Alternative Delivery</b> Delivering more services by external organisations.	48%	36%
<b>More Digital</b> Delivering more services online.	76%	10%
<b>Promoting Independence</b> Supporting adults to stay independent for as long as possible.	90%	3%
<b>Supporting Growth</b> Working with partners to ensure the growth of the Nottinghamshire economy.	88%	3%
<b>Keeping Children Safe</b> Working to keep children out of care and when not possible providing care in most cost effective way.	88%	3%
<b>Working together</b> Social care and health working together in a closer way.	95%	1%
<b>Doing Things Differently</b> Delivering services in a different way and redesigning them.	84%	3%



**16 January 2017****Agenda Item: 5****REPORT OF CORPORATE DIRECTOR, RESOURCES****WORK PROGRAMME****Purpose of the Report**

1. To consider the Committee's work programme for 2017.

**Information and Advice**

2. The County Council requires each committee to maintain a work programme. The work programme will assist the management of the committee's agenda, the scheduling of the committee's business and forward planning. The work programme will be updated and reviewed at each pre-agenda meeting and committee meeting. Any member of the committee is able to suggest items for possible inclusion.
3. The attached work programme has been drafted in consultation with the Chair and Vice-Chair, and includes items which can be anticipated at the present time. Other items will be added to the programme as they are identified.
4. As part of the transparency introduced by the revised committee arrangements from 2012, committees are expected to review day to day operational decisions made by officers using their delegated powers. It is anticipated that the committee will wish to commission periodic reports on such decisions. The committee is therefore requested to identify activities on which it would like to receive reports for inclusion in the work programme.

**Other Options Considered**

5. None.

**Reason/s for Recommendation/s**

6. To assist the committee in preparing its work programme.

## **Statutory and Policy Implications**

7. 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

## **RECOMMENDATION/S**

- 1) That the committee's work programme be noted, and consideration be given to any changes which the committee wishes to make.

**Jayne Francis-Ward**  
**Corporate Director, Resources**

**For any enquiries about this report please contact: Pete Barker, x 74416**

## **Constitutional Comments (HD)**

8. The Committee has authority to consider the matters set out in this report by virtue of its terms of reference.

## **Financial Comments (NS)**

9. There are no direct financial implications arising from the contents of this report. Any future reports to Committee on operational activities and officer working groups, will contain relevant financial information and comments.

## **Background Papers**

None.

## **Electoral Division(s) and Member(s) Affected**

All



## **FINANCE & PROPERTY COMMITTEE - WORK PROGRAMME**

<b><u>Report Title</u></b>	<b><u>Brief summary of agenda item</u></b>	<b><u>For Decision or Information ?</u></b>	<b><u>Lead Officer</u></b>	<b><u>Report Author</u></b>
<b>20 February 2017</b>				
Monthly Budget & Capital Monitoring Report 2016/17	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
ICT Programmes and Performance Quarter 3	Progress Report	Info	Ivor Nicholson	Ivor Nicholson
Councillors' Divisional Fund	Quarterly report on Councillors Divisional Fund	Info	Jayne Francis-Ward	Paul Davies
Property Transactions	Various	Decision	Jas Hundal	Various
<b>20 March 2017</b>				
Monthly Budget & Capital Monitoring Report 2016/17	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
Property Transactions	Various	Decision	Jas Hundal	Various
<b>24 April 2017</b>				
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
Councillors' Divisional Fund	Quarterly report on Councillors Divisional Fund	Info	Jayne Francis-Ward	Paul Davies
Property Transactions	Various	Decision	Jas Hundal	Various

<b><u>Report Title</u></b>	<b><u>Brief summary of agenda item</u></b>	<b><u>For Decision or Information ?</u></b>	<b><u>Lead Officer</u></b>	<b><u>Report Author</u></b>
<b>19 June 2017</b>				
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
ICT Programmes and Performance Quarter 4	Progress Report	Info	Ivor Nicholson	Ivor Nicholson
Property Transactions	Various	Decision	Jas Hundal	Various
<b>17 July 2017</b>				
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
Councillors' Divisional Fund	Quarterly report on Councillors Divisional Fund	Info	Jayne Francis-Ward	Paul Davies
Property Transactions	Various	Decision	Jas Hundal	Various