

HAMPSHIRE COUNTY COUNCIL

Decision Report

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| Decision Maker: | Cabinet |
| Date: | 7 December 2015 |
| Title: | Budget Setting and Provisional Cash Limits 2016/17 |
| Reference: | 7049 |
| Report From: | Director of Corporate Resources – Corporate Services |

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1. Executive Summary

- 1.1. The purpose of this report is to update Cabinet on the financial position in respect of the current financial year and highlight key issues for the County Council following the Spending Review announcement in November. It also sets out the process and framework for the setting of the 2016/17 budget.
- 1.2. In line with the current financial strategy, there will be no new savings proposals presented as part of the 2016/17 budget setting process. Savings targets for 2017/18 were approved as part of the 2015/16 budget setting process and detailed savings proposals have been developed through the Transformation to 2017 (Tt2017) Programme which were agreed by Cabinet and Full Council during October this year. An update on the progress being made by Departments is provided in the transformation report presented elsewhere on this agenda.
- 1.3. As confirmed at County Council in October 2015, a planning assumption of a further freeze in council tax for 2016/17 has been used in the forward forecasts and a draw from the Grant Equalisation Reserve is still anticipated in order to balance the budget based on our current assumptions for grant reductions next year, which have yet to be announced.
- 1.4. This report sets the framework for developing the detailed revenue budgets and capital programme that will be presented to Executive Members, Cabinet and County Council during January and February next year.

2. Contextual information

- 2.1. The Comprehensive Spending Review and Autumn Statement were published together on 25 November 2015, with the Spending Review covering the period from 2016/17 to 2019/20.

2.2. The key issues for the County Council are set out below but it should be noted that in the absence of any provisional grant figures, there is little detail to report at this stage, although it is clear that the outlook for local government finance is likely to continue to be challenging; as anticipated:

- Between 2015/16 and 2019/20 the reduction in the Department for Communities and Local Government (DCLG) Departmental Expenditure Limit used to fund most general grants to local authorities will fall from £11.5bn to £5.4bn. This is a £6.1bn (53%) cash cut (a 56% cut in real terms).
- Revenue Support Grant will be phased out and the DCLG will consult on changes to the local government finance system to pave the way for the implementation of 100% business rate retention by the end of this Parliament.
- To ensure 100% business rate retention is fiscally neutral local authorities will take on responsibility for funding more services, and the Government will consult on what these responsibilities will be in 2016. The consultation will also include “rebalancing” the local government finance system to help support authorities with social care responsibilities.
- The Government will also consult on changes to the New Homes Bonus, including sharpening the incentive to reward communities for additional homes and reducing the length of payments from six to four years. This will include a preferred option for savings of at least £800m, which can be used for social care and details will be set out as part of the local government finance settlement consultation.
- Councils with adult social care responsibility will be given an additional 2% flexibility on the current council tax referendum threshold (which is 2%), if the additional funds raised are used entirely for adult social care. For the County Council a 2% increase would raise in the region of £10m per annum.
- From 2017 the Spending Review makes available social care funds for local government, rising to £1.5bn by 2019/20, to be included in an improved Better Care Fund.
- The Government intends to integrate health and social care and every area must have a plan for this in 2017 to be implemented by 2020.
- Council public health funding will be cut on average by 3.9% each year (real terms) over the next five years and the public health grant will remain ring-fenced in 2016/17 and 2017/18. The Government will consult on options to fully fund council public health spending from retained business rates.
- A new funding formula will be introduced for schools, high needs and early years to address the current disparity in per pupil funding rates across England. Following consultation in 2016, the new formula will be introduced from 2017/18, with a transitional period to help schools manage the change.

- The Education Services Grant (ESG) will be cut by around £600m, including phasing out the additional funding schools receive through the ESG. The Government will reduce the role local authorities play in running schools and remove a number of statutory duties and will consult on this in 2016.
 - The core schools budget will be protected in real terms, enabling the per pupil rate of Dedicated Schools Grant to be protected in cash terms and the pupil premium will be kept at current rates.
 - An apprenticeship levy on larger employers, set at a rate of 0.5% of the pay bill, will be introduced in April 2017. Whilst the County Council will be classified as a larger employer, at this stage it is unclear how the levy will impact on schools.
- 2.3. For 2016/17, the County Council is still awaiting detail of its provisional grant figures when the local government finance settlement is announced in December. The County Council needs to await this announcement and the detailed information it will contain before it can assess the impact of any of the changes announced in the Spending Review on the financial position of the authority.
- 2.4. Given this, the impact of any potential changes to local authority responsibilities and the complexity added due to the financial elements contained within the devolution bid for Wider Hampshire, no changes have been made to the high level forecast position at this stage.
- 2.5. The intention is to wait until the provisional settlement is announced and then update the medium term financial projections at which point a briefing will be given to Members setting out the latest forecast for the period to 2020.
- 2.6. The main focus in setting the budget for 2016/17 is the production of the detailed revenue and capital budgets and this report sets out the framework for the detailed budget preparation process for next year.

3. Quarter 2 Financial Monitoring

- 3.1. The forecast outturn position for the overall revenue account is shown in Appendix 1 and measures the forecast position at the end of the year against the current working budget that has been adjusted for changes during the year. Net Departmental spending is expected to be £10.1m below the 2015/16 working budget, however, this position does mask continued cost pressures within Adults' and Children's social care services, which for Adults' are discussed in more detail in the next section.
- 3.2. This year, as outlined in the report presented to Cabinet and approved on 5 October 2015 setting out the Medium Term Financial Strategy Update and Transformation to 2017 Savings Proposals, monthly 'financial resilience' reporting is being presented to the Corporate Management Team (CMT). This not only looks at the regular financial reporting carried out in previous years but also focusses on potential pressures in the system and the

continued monitoring of the implementation and delivery of the Transformation to 2015 Programme.

- 3.3. The latest report to CMT on the financial resilience reporting shows that overall there continues to be good delivery of savings and management within the budget and where there are issues, these can be accommodated on a one off basis from departmental cost of change reserves.
- 3.4. Pressures within social care services continue to be the highest risk and most volatile area of the County Council's budget. Adults' Services have plans in place to meet the additional pressures arising from increasing social care costs and this combined with the utilisation of available one off resources will ensure that they come within their bottom line budgets for the current year.
- 3.5. Within Children's Services, the number of Children Looked After (CLA) has plateaued during this financial year and it is anticipated that the additional £12.5m provided to Children's Services as a base budget adjustment should be enough to meet the costs for the year assuming numbers do not start to increase again. Therefore, it is anticipated that the position will be managed within the bottom line, hence the 'no variation' position reflected in Appendix 1.
- 3.6. One factor that does need to be borne in mind however is that the Department has already been implementing some measures to control demand, some of which are further developed as part of the proposals within the Transformation to 2017 Programme and therefore the current stabilisation may be linked to the greater than anticipated success of these early measures which could be masking the underlying level of demand. Benefits realisation for the Transformation to 2017 Programme will be closely monitored alongside the management of the budget and as proposals are implemented service activity and spend will be monitored against a reduced activity level and associated budget envelope.
- 3.7. Finance staff continue to work with Children's Services colleagues to maintain a baseline position against which future CLA numbers can be assessed to determine whether any further growth needs to be added to the budget. At this stage however, no additional funding has been allocated from 2016/17 onwards, although some contingency provision does still exist.
- 3.8. There are pressures on the schools budget related to higher demand on High Needs, in particular Special Educational Needs (SEN) where there are increasing numbers of pupils with Education, Health and Care (EHC) plans or Statements of SEN and other top-up funding arrangements. In addition, the increasing number of primary age pupils has led to higher than anticipated demand for growing schools funding including the use of temporary modular classrooms. In 2015/16 these pressures will be funded through the use of one-off reserves. However, Schools Forum is considering ways of mitigating these pressures, which will be incorporated into the 2016/17 budget strategy.
- 3.9. The remaining Departments are forecasting an underspend primarily due to the early achievement of savings. Savings generated by Departments in

advance of need are retained by them to help fund the cost of future redundancies and other costs of change associated with the implementation of savings programmes.

- 3.10. Spend on Public Health is below budget by £2.2m but this reflects planning for the cut to the grant announced by the Government but which at the end of Quarter 2 had not been confirmed at an individual authority level. The final reduction has since been announced and will be just in excess of £3m. Whilst this is £0.8m more than has already been “held back”, funding is available within the Public Health Reserve (created from previous underspends of the ring fenced government grant and to be utilised for Public Health purposes in future years) to manage any variance that remains at the end of the year.
- 3.11. Most other non-Departmental items are not expected to vary significantly from the current working budget.
- 3.12. After allowing for the transfer to (or from) cost of change reserves there is no anticipated variance to the working budget. A more detailed review of contingencies and other central budgets will be undertaken as part of the 3rd quarter monitoring and in considering the Revised 2015/16 budget position.

Adults’ Social Care Pressures

- 3.13. Pressures within social care services continue to be the highest risk and most volatile area of the County Council’s budget and by far the most volatile area continues to be Adults’ Social Care which is influenced by a number of complex factors namely:
 - Increasing numbers of clients with more complex needs.
 - Pressure in the health system which has a direct impact on Adults’ Social Care.
 - The reducing capacity and increasing cost of private social care providers, which will be further exacerbated by the introduction of the National Living Wage.
- 3.14. Pressures in the current year (as in previous years) are being contained through a combination of recurring and one off funds held by the Department and some central support provided within contingencies.
- 3.15. However, as part of the review of the Adults’ Services operating model within the Transformation to 2017 Programme, work has been undertaken to project forward likely numbers and average package costs of clients to 2020/21. More detail of the work undertaken and the findings are set out in Appendix 2.
- 3.16. The position was formally reported to CMT in October and a broad strategy was agreed that basically covers existing pressure and costs up to the 2017/18 financial year, but will then require a base budget adjustment in 2018/19.
- 3.17. As part of the Transformation to 2017 Programme and the Medium Term Financial Strategy (MTFS), no additional funding for growth and demand is

allocated to social care during the period 2015/16 to 2017/18, the intention being that demand is managed within departmental budgets during that period. The projection is that this strategy will be successfully delivered during that period albeit this does then require an expected recurring base budget adjustment in 2018/19, anticipated to be in the order of £21m followed by annual increases of around £10m a year thereafter.

- 3.18. This profile is very similar to the position that was implemented from 2011/12 following a number of years of pressure within the Adults' Social Care budget. Allowance has been made for social care pressures in the MTFs in October 2015 and this provision will be reviewed in line with future updates of the strategy.

Devolution

- 3.19. In September Cabinet received an update on the progress made in the development of a devolution bid for Wider Hampshire and the ultimate pursuit of a mutually beneficial deal with Government and a further report is presented elsewhere on this agenda.
- 3.21 Work is progressing and Hampshire County Council are providing resource to coordinate the overall process on behalf of the leaders of the Hampshire authorities. The anticipated cost of this for the period to the end of March 2016 is £75,000 and it is proposed that this cost is met from general contingencies.
- 3.22 Once an announcement has been made in respect of the Wider Hampshire bid, there will inevitably be further costs associated with negotiating the final deal with Government and then to prepare for implementing a wider Hampshire combined authority. The level of additional costs and the sharing arrangements with other partners will be reported at a later stage.

4. 2016/17 Budget Setting

- 4.1. The County Council has been following a deliberate strategy for dealing with grant reductions during the period of austerity, which involves planning ahead of time, making savings in advance of need and then using those savings to help fund transformational change to generate the next round of savings.
- 4.2. This strategy has continued during the current budget process in that the Transformation to 2017 Programme has been developed to deliver £98m of savings required to balance the budget by 2017/18, with no savings required for 2016/17 in order to give Departments the time and capacity for a planned implementation prior to April 2017. Detailed savings proposals for each Department were approved by Cabinet and County Council in October this year and have now moved to formal implementation subject to further consultation where it is required and a report elsewhere on the agenda provides an update on the progress being made by Departments.
- 4.3. Some savings may be implemented prior to April 2017 and therefore any early achievement of savings in 2016/17 can be retained by departments to meet cost of change priorities.

- 4.4. Since this programme is already in place, there are no new savings proposals to be considered as part of the 2016/17 budget setting process. However, it is still necessary for the County Council to go through the normal 'technical' process of setting provisional cash limits for Departments, asking them to prepare detailed budgets within those cash limits and then securing approval through Executive Members, Cabinet and finally County Council.
- 4.5. The next section of this report sets out the details of provisional cash limits for Departments for 2016/17, which take into account any base budget changes and the impact of inflation.
- 4.6. The MTFS approved in October assumed that there would be a further freeze in council tax. Based on this position it is still anticipated that a significant draw will be required from the grant equalisation reserve in order to balance the budget for next year.
- 4.7. Final details of the grant settlement for next year, plus information from district councils on collection fund surpluses and estimates of retained business rates is not currently available and will therefore be taken into account in setting the final budget in February next year.

5. Provisional Cash Limits

- 5.1. Provisional cash limits are set for Departments to enable them to prepare their detailed budgets for the next financial year. These take account of changes in the base budget as a result of grant changes or transfers between Departments, approved growth and inflation that have been set for the year.
- 5.2. Inflation allowances are given each year for pay and price increases and the provisional cash limits detailed in this report include allowances for price inflation. Allowances for pay award are usually held centrally until any awards are agreed.
- 5.3. For 2016/17 increases of £10m and £1.8m have been added to Adults' and Children's Services respectively, regarding savings targets that will no longer be achieved; as approved by Cabinet and County Council in October this year. The increase to Adults' Services relates to the partial non achievement of Better Care Fund (BCF) savings as the Clinical Commissioning Groups (CCG's) are no longer able to continue with the risk sharing agreement from 2016/17 onwards. The increase to Children's Services relates to the decision to remove the savings proposal regarding short breaks for the carers of Children with Disabilities following further public consultation feedback.

Realigning the Capital Programme

- 5.4. Local authorities must distinguish between capital expenditure and revenue expenditure in their accounting. 'Capital expenditure' for this purpose is defined, in the Local Government Act 2003, as "expenditure of the authority which falls to be capitalised in accordance with proper practices".

- 5.5. At its simplest level, capital expenditure is expenditure on the acquisition, creation or enhancement of assets which will last longer than one year. There is often discussion amongst practitioners about what constitutes enhancement and whether for example project management costs for a major build can be capitalised but in any event, capital expenditure is more tightly defined than it once was.
- 5.6. A review of the current “capital “ programme in view of the tighter definition of capital expenditure has highlighted that it contains a number of maintenance programmes, which total £14.4m, that are strictly revenue in nature. As a consequence it is proposed to move these out of capital programme and in to the revenue budget from 2016/17 onwards. The funding for these maintenance programmes already comes from revenue sources and does not therefore cause difficulties in this regard.

Detailed Cash Limits

- 5.7. The calculation of the provisional cash limits including the adjustments for capital to revenue detailed above is shown in detail in Appendix 3. The figure for Schools will be updated once the provisional settlement is known, but for now, the 2015/16 position has been updated taking into account budget transfers to Academies and increases in respect of the pupil premium and other grant related changes.
- 5.8. Chief Officers, with Executive Members are asked to develop their detailed budgets within the guidelines that have been set so that the Leader and Cabinet can make the final budget recommendations for 2016/17 at the meeting in February 2016.

6. Minimum Revenue Provision (MRP) Policy Update

- 6.1. The minimum revenue provision (MRP) is the minimum amount (as specified in statute) which must set aside as a provision for repaying external loans and meeting other credit liabilities. The DCLG provide guidance on how MRP should be calculated and suggest a number of options for doing so.
- 6.2. Currently, the County Council calculates its MRP for Supported Borrowing taken out before 2008 on a 4% reducing balance basis. As a result the current balance (for the Supported Borrowing element) is £467m at 31 March 2015, of which there will still be £81m outstanding in 2058.
- 6.3. This policy has been reviewed in line with the guidance that stipulates authorities make prudent provision for their MRP. It is believed that it would be a more prudent approach to calculate MRP on a straight line rather than reducing balance basis. This will ensure that the County Council’s continues to take a prudent approach to repaying its Supported Borrowing, as well as contributing to the County Council’s immediate financial pressures. The change in policy does mean that future costs of MRP will be higher than current levels from 2033 onwards but it is felt that this is justified given the medium term pressures that the County Council faces to the end of this decade.

- 6.4. A number of authorities have already made this change, now opting to make their MRP provision based on a 2% (or 50 year) straight line basis. It is proposed that the County Council adopts a slightly more prudent approach and assumes that the 50 years would have started in 2008 and therefore makes the calculations based on 1/43's.
- 6.5. Cabinet are recommended to approve this change in policy from a reducing balance to straight line basis of calculation for MRP from the current financial year, so that it may be reflected in the budget papers that will be presented in February.

7. Capital Investment

- 7.1. The County Council's capital programme has been maintained and expanded over recent years, continuing the trend of ensuring that we invest wisely in maintaining our existing assets and delivering a programme of new ones.
- 7.2. The timeframe for capital planning moves on each year and for the 2016/17 budget process, the programme will be extended into 2018/19. The table below shows the provisional capital guidelines that are being allocated to each Department:

| | 2016/17 £'000 | 2017/18 £'000 | 2018/19 £'000 |
|----------------------|------------------|------------------|------------------|
| Adults' Services | 481 | 481 | 481 |
| Children's Services | 190 | 190 | 190 |
| ETE | 12,811 | 1,854 | 1,854 |
| Policy and Resources | 8,053 | 5,053 | 5,053 |
| | 21,535 | 7,578 | 7,578 |

- 7.3. The reduction in ETE's capital guideline from 2017/18 reflects the end of the Operation Resilience funding that was added to the programme and then supplemented with New Homes Bonus money as part of the 2014/15 budget setting process. A review of this funding position will be undertaken next year in light of various emerging issues such as the re-letting of the Highways Maintenance contract and the Devolution bid.
- 7.4. Cabinet is requested to approve these provisional guidelines to allow Departments to prepare their detailed capital programmes for approval as part of the budget setting process in January and February next year.

8. Recommendations

It is recommended that Cabinet:

- 8.1. Notes the key issues highlighted from the Comprehensive Spending Review announcement and the need to await the provisional grant figures, due to be

announced in late December, to further inform the Medium Term Financial Strategy to be considered in February 2016.

- 8.2. Notes the forecast outturn position for 2015/16 as detailed in Appendix 1.
- 8.3. Approves a sum of up to £75,000 from general contingencies to enable the effective coordination of the devolution deal as negotiations progress, and subsequent work required, in the period to the end of March 2016.
- 8.4. Approves the provisional cash limits for 2016/17 set out in Appendix 3.
- 8.5. Confirms that the 2016/17 budget should initially be prepared on the basis of no council tax increase.
- 8.6. Approves the change in Minimum Revenue Provision policy as detailed in section 6.
- 8.7. Approves the capital guideline amounts for the next three years as set out in paragraph 7.2.

Revenue Budget Summary 2015/16 - Quarter 2 Monitoring

| | Original Budget 2015/16 £'000 | Adjustment £'000 | Current Budget 2015/16 £'000 | Outturn Forecast £'000 | Forecast Variance £'000 |
|---|--|---------------------|---------------------------------------|------------------------------|-------------------------------|
| <u>Departmental Expenditure</u> | | | | | |
| Adults' | 304,370 | 8,967 | 313,337 | 313,337 | 0 |
| Children's - Schools | 748,625 | 1,221 | 749,846 | 749,846 | 0 |
| Children's - Non schools | 161,361 | 3,763 | 165,124 | 165,124 | 0 |
| Economy, Transport and Environment | 103,770 | 7,202 | 110,972 | 107,689 | (3,283) |
| Policy and Resources (exc. Public Health) | 84,573 | (3,074) | 81,499 | 74,642 | (6,857) |
| TOTAL | 1,402,699 | 18,079 | 1,420,778 | 1,410,638 | (10,140) |
| Public Health | 49,206 | 284 | 49,490 | 47,282 | (2,208) |
| <u>Capital Financing Costs</u> | | | | | |
| Interest on Balances | (7,250) | 22 | (7,228) | (7,228) | 0 |
| Capital Financing Costs | 68,377 | 0 | 68,377 | 68,377 | 0 |
| RCCO | 34,403 | (207) | 34,196 | 34,196 | 0 |
| | 95,530 | (185) | 95,345 | 95,345 | 0 |
| <u>Pension and IAS 19 Costs</u> | | | | | |
| Pensions & IAS 19 Costs | 61,285 | 0 | 61,285 | 61,285 | 0 |
| Contribution from Pension Reserve | (45,843) | 0 | (45,843) | (45,843) | 0 |
| | 15,442 | 0 | 15,442 | 15,442 | 0 |
| <u>Other Revenue Costs</u> | | | | | |
| Contingency | 33,209 | (4,589) | 28,620 | 28,620 | 0 |
| Dedicated Schools Grant | (698,617) | (901) | (699,518) | (699,518) | 0 |
| Specific Grants | (156,867) | (9,263) | (166,130) | (166,130) | 0 |
| Flood Protection Levy | 603 | 0 | 603 | 603 | 0 |
| Coroners Expenditure | 1,331 | 0 | 1,331 | 1,331 | 0 |
| Business Units | (570) | 0 | (570) | (496) | 74 |
| | (820,911) | (14,753) | (835,664) | (835,590) | 74 |
| <u>Contributions from Earmarked Reserves</u> | | | | | |
| Use of Earmarked Reserves | 7,158 | (3,247) | 3,911 | 16,259 | 12,348 |
| Trading Units Transfer to Reserves | 679 | 0 | 679 | 605 | (74) |
| Business Strategy Opportunities | (1,500) | 0 | (1,500) | (1,500) | 0 |
| RCCO From Reserves | (5,738) | (178) | (5,916) | (5,916) | 0 |
| | 599 | (3,425) | (2,826) | 9,448 | 12,274 |
| Total Net Spending | 742,565 | 0 | 742,565 | 742,565 | 0 |
| Contribution to/(from) General Balances | 900 | 0 | 900 | 900 | 0 |
| BUDGET REQUIREMENT | 743,465 | 0 | 743,465 | 743,465 | 0 |

Adults' Services Demand Projections and Financial Resilience to 2020/21

1. Introduction

- 1.1. Pressures within social care services continue to be the highest risk and most volatile area of the County Council's budget and it recognised that by far the most volatile area remains Adults' Social Care which is influenced by a number of complex factors.
- 1.2. As part of the review of the Adults' Services operating model within the Transformation to 2017 (Tt2017) Programme, work has been undertaken to project forward likely numbers and average package costs of clients to 2020/21, taking into account the measures that will be implemented as part of the savings for 2017/18, together with current trend and cost data. A summary of this work and the findings and conclusions are set out in the following paragraphs.

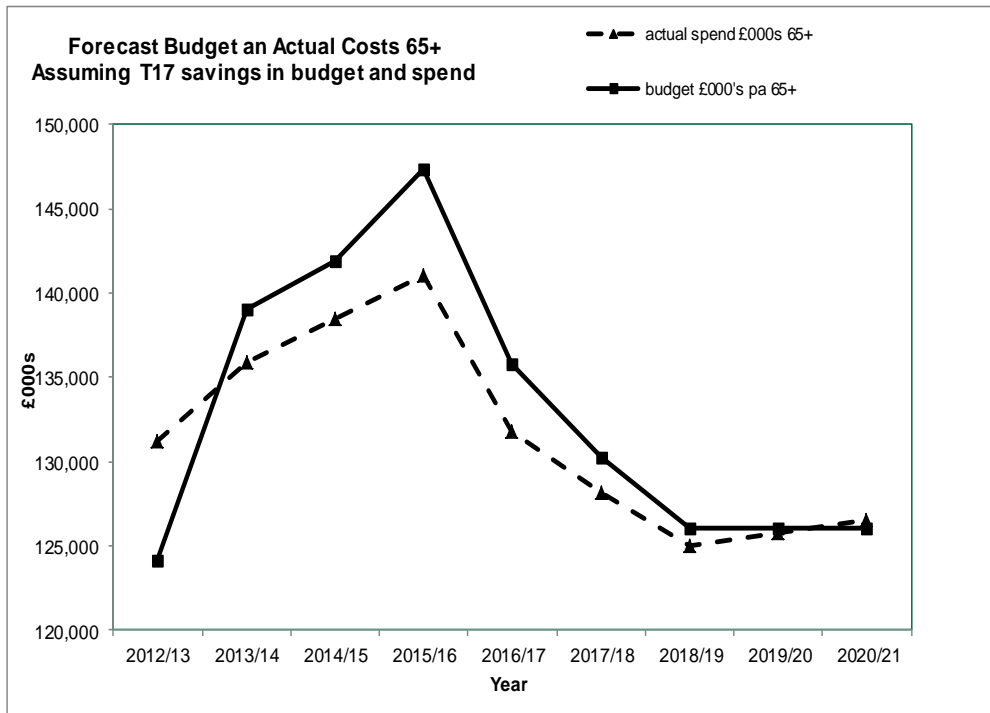
2. Methodology

- 2.1. Trends from 2009 were analysed utilising social care activity data and population statistics and the findings were taken to inform future projections of activity levels. This, together with analysis of package costs, has been used to project the resulting financial implications and compare this to the budget provision.
- 2.2. These future projections assume that the current demand management actions continue and that the Transformation to 2017 Programme is implemented and delivered as planned by Adults' Services.

3. Findings

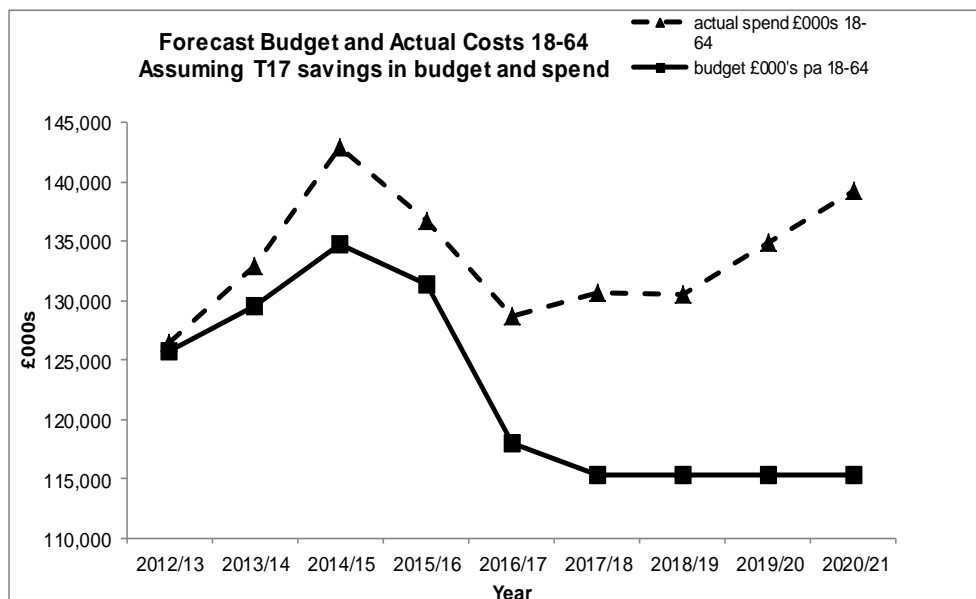
Older People (65+)

- 3.1. The long term upward trend in activity that was anticipated has been managed down by actions, such as the use of reablement and telecare as the focus has been on demand management. The continuation of these actions along with rolling out the new Operating Model and enabling a Community Independence model are core to maintaining the projected performance.
- 3.2. The future projections for both client numbers and average costs that have been produced show that demand management and external factors combine to keep spend within the cashlimit and this is shown below in graphical format:



Adults 18 – 64

- 3.3. The long term upward trend in activity that was anticipated has been managed down by actions, such as the reassessment of clients with lower level needs (which is not repeatable) and greater use of telecare. However, this is being overtaken by growth in demand, as it is nationally, as people with complex and multiple disabilities survive into adulthood.
- 3.4. Hampshire has a high rate of eligible disabled adults and, with growing demand, projections indicate that the longer term trend is not containable as shown below with the rate of growth from 2018/19 increasing:



4. Conclusions

- 4.1. Adults' Services will experience ongoing budget pressure but analysis of the two key age groups shows that the main pressure moving forward is within the 18 – 64 group rather than older people which reflects national trends which are emerging.
- 4.2. Ongoing monitoring against the projections that have been produced, considering both activity levels and package costs, will be continued and the Adults' Services Department focus will be directed towards the 18 – 64 group and activities such as the transition from Children's Services and the crisis response models in place.
- 4.3. As part of the Transformation to 2017 Programme and the Medium Term Financial Strategy (MTFS), no additional funding for growth and demand is allocated to Adults' and Children's Services during the period 2015 to 2017, the intention being that the Departments manage the demand within their Departmental budgets during that period.
- 4.4. The projection is that this strategy will be successfully delivered during that period and existing funds mean that the Adults' Services position can be balanced to 2017/18 based on current assumptions using early delivery of savings and other one off sources of funding. However, given the ongoing cumulative impact of increased demand pressures, projections to 2020/21 currently indicate that an expected recurring base budget adjustment in 2018/19, anticipated to be in the order of £21m followed by annual increases of around £10m a year thereafter, will be required.
- 4.5. Adults' Services will be actively monitoring the actual demand and average cost statistics against their projections presented within this report on a monthly basis so that they can take actions as appropriate to control overall demand in order to stay within their cashlimit through the measures agreed. This demand monitoring is scheduled alongside the financial resilience process which will allow any deviations from demand which result in financial implications to be reported as part of the regular financial monitoring process.
- 4.6. Allowance has been made for social care pressures in the MTFS in October 2015 and this ongoing monitoring will inform review of this provision in line with future updates of the strategy.

PROVISIONAL CASH LIMITS – 2016/17

| | 2015/16 Cash Limit | Base Changes | Inflation | Changes to Savings Target | Realignment of the Capital Programme | 2016/17 Cash Limit |
|--------------------------|-----------------------------------|-------------------------|------------------|--|---|-----------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Adults' | 304,370 | 1,364 | 9,255 | 10,000 | | 324,989 |
| Children's - Schools | 748,625 | 1,221 | 0 | | | 749,846 |
| Children's - Non Schools | 161,361 | (340) | 718 | 1,800 | | 163,539 |
| ETE | 103,770 | 549 | 6,681 | | | 111,000 |
| P&R | 133,779 | (2,518) | 61 | | 14,377 | 145,699 |
| Total | 1,451,905 | 276 | 16,715 | 11,800 | 14,377 | 1,495,073 |

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

| | |
|--|-----|
| Hampshire safer and more secure for all: | yes |
| Corporate Improvement plan link number (if appropriate): | |
| Maximising well-being: | yes |
| Corporate Improvement plan link number (if appropriate): | |
| Enhancing our quality of place: | yes |
| Corporate Improvement plan link number (if appropriate): | |

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

IMPACT ASSESSMENTS:

1. Equality Duty:

- 1.1. The County Council has a duty under Section 149 of the Equality Act 2010('the Act') to have due regard in the exercise of its functions to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
 - Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
 - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

- (a) Equality objectives are not considered to be adversely impacted by the proposals in this report.

2. Impact on Crime and Disorder:

- 2.1. The proposals in this report are not considered to have any direct impact on the prevention of crime, but the County Council through the services that it provides through the revenue budget and capital programme ensures that prevention of crime and disorder is a key factor in shaping the delivery of a service / project.

3. Climate Change:

- 3.1. How does what is being proposed impact on our carbon footprint / energy consumption?

The revenue budget and capital programme contain measures that will assist in reducing our carbon footprint and changes to services are designed in such a way to also achieve this objective.

- 3.2. How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts

The County Council in designing and transforming its services will ensure that climate change issues are taken into account.