

# Budget 2016-17 and Medium Term Financial Plan

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# Where we had got to at last meeting

- Spending Review announced
  - “Flat cash” for Local Government over 5 years from 2015/16 to 2019/20
  - Additional 2% social care council tax precept
  - Improved Local Authority Better Care Fund
  - No specific funding for NLW
  - Reductions in central government funding compensated by Council Tax
- KCC draft budget included following for social care
  - £12.5m full year impact of 2015/16 activity
  - £6.3m forecast LD demography
  - £2.0m forecast OP demography
  - £6.3m forecast inflation (excluding NLW)
  - £3.8m guide prices for residential & nursing care
  - Recognition that NLW will need to be built in

# Key Events

- Provisional Local Government Finance Settlement (LGFS) 17 December – rather surprising!
- KCC Draft Budget published 11<sup>th</sup> January
  - £19.6m drawdown from reserves and £4m unidentified
- Revised draft published 3<sup>rd</sup> February
  - Care Act money in Better Care Fund
  - Collection Fund balance
  - £16.3m draw down from reserve and zero unidentified
- Final LGFS announced 8 February 2016
  - £5.7m transitional grant
- County Council 11 February 2016
  - £10.9m draw down from reserves
- A number of grants still unannounced & don't know when they will be

# 2016/17 Budget Headlines

## Equation presented to County Council on 11 February:

- Budget / Spending Pressures of £75.3m
- Net ↓ in non ring-fenced Govt. grants £42.9m
- Collection Fund balances in 2015/16 £7.6m
- Means savings / income needed of £125.8m

## Achieved by:

- Council Tax/Business Rates £45.0m
- Savings/Income £80.8m

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CT Base = £11.7m

CT Incr. = £22.4m

BR Base = £1.8m

Coll Fund = £9.1m

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Draw reserves = £10.9m  
Cont reserves = £10.5m  
Base savings = £59.4m

# Comparison of 2016/16 and 2016/17

	2015-16			2016-17		
	Gross Exp £m	Net Exp £m	Net %	Gross Exp £m	Net Exp £m	Net %
Adults & Older People's Services	462.9	335.5	36.6%	473.8	352.7	38.7%
Children's Services	284.4	161.6	17.6%	316.3	149.5	16.4%
Community Services	42.6	17.5	1.9%	42.3	17.6	1.9%
Highways	42.7	34.2	3.7%	38.5	29.9	3.3%
Public Health	68.7	-1.2	-0.1%	76.3	0.2	0.0%
School & High Needs Education Budgets	728.7	0.0	0.0%	732.6	0.0	0.0%
Schools' Services	28.6	9.0	1.0%	25.7	7.8	0.9%
Transport Services	75.3	63.8	7.0%	75.7	63.6	7.0%
Waste Management	69.1	65.6	7.2%	68.0	66.6	7.3%
Other Direct Services to the Public	30.7	22.5	2.5%	28.9	20.4	2.2%
Financing Items	144.7	129.8	14.2%	141.9	124.7	13.7%
Management Support & Overheads	166.0	78.2	8.5%	153.0	78.1	8.6%
<b>Total</b>	<b>2,144.3</b>	<b>916.5</b>		<b>2,173.0</b>	<b>911.0</b>	

# 2017/18 Budget Equation

	£m
Estimated Spending Pressures	48
Replace use of one-off reserves/collection funds in 2016-17	20
Further grant reductions	<u>43</u>
Budget gap	<u>111</u>
Solutions?	
- Increase in the CT base	6
- Increase Council Tax by 1.99%	12
- Increase CT by 2% for Social Care	12
- Savings already identified	29
- <b>Savings still to be found</b>	<u><b>52</b></u>
Total	<u>111</u>



# Net Reduction in Government Grants

# Shift from Central to Local

- This is the information published by DCLG on 17<sup>th</sup> December

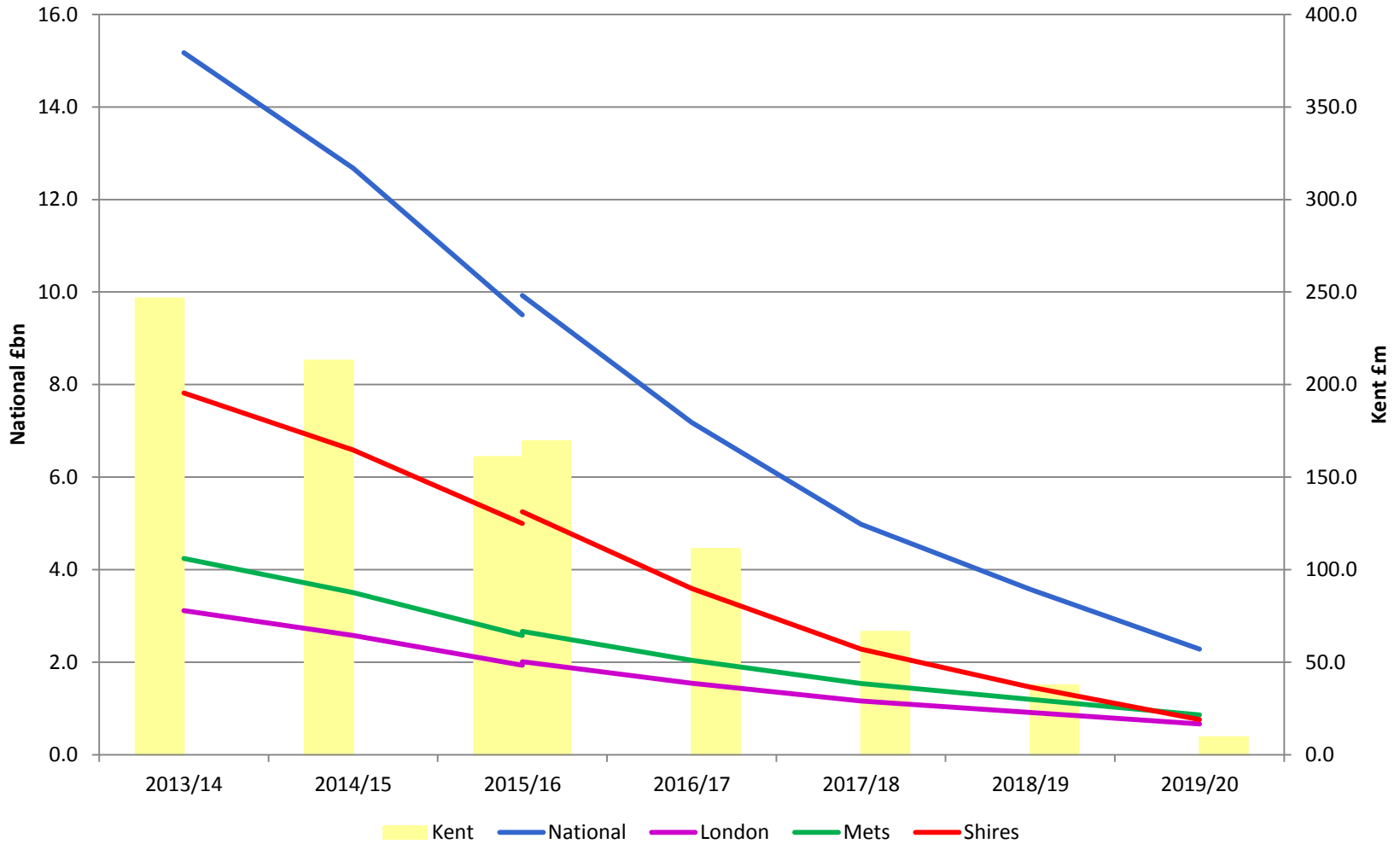
Reduction of £113m

Increase of £133m

Core Spending Power of Local Government;					
	2015-16 (adjusted)	2016-17	2017-18	2018-19	2019-20
	£ millions	£ millions	£ millions	£ millions	£ millions
Settlement Funding Assessment	340.0	283.4	241.8	218.2	195.8
Council Tax of which;	549.0	577.2	609.7	644.6	682.2
<i>Council Tax Requirement excluding parish precepts (including base growth and levels increasing by CPI)</i>	549.0	566.0	586.3	608.0	631.1
<i>additional revenue from 2% referendum principle for social care</i>	-	11.2	23.3	36.6	51.1
<i>additional revenue from £5 referendum principle for lower quartile districts Band D Council Tax level</i>	-	-	-	-	-
Improved Better Care Fund	-	-	0.3	17.5	33.7
New Homes Bonus and returned funding	7.9	9.3	9.4	5.9	5.7
Rural Services Delivery Grant	-	-	-	-	-
<b>Core Spending Power</b>	<b>896.9</b>	<b>869.9</b>	<b>861.1</b>	<b>886.2</b>	<b>917.3</b>
Change over the Spending Review period (£ millions)					20.4
Change over the Spending Review period (% change)					2.3%

Flat Cash

# Phasing out of RSG



# Pressures

# Budget Pressures

	Unavoidable £m	Avoidable £m	Total £m
Pay & Prices	23	3	26
Demography	21	0	21
Service strategies & transformation	3	8	11
Government imposed changes	5	0	5
Replace one-off savings from 2015-16	12	0	12
<b>TOTAL</b>	<b>64</b>	<b>11</b>	<b>75</b>

# Unavoidable Spending Demands

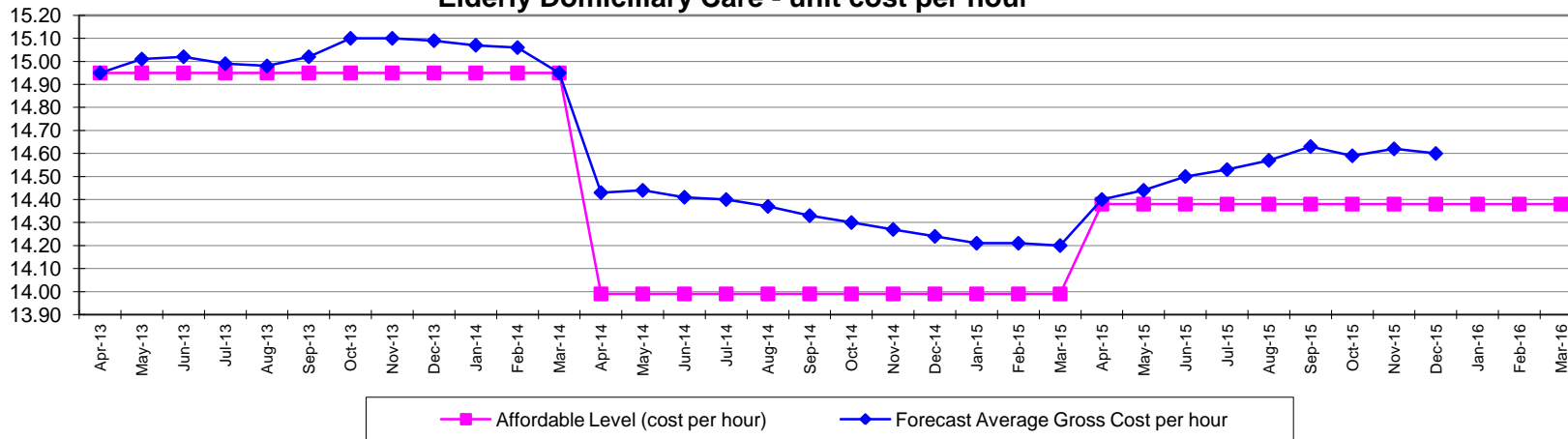
- Budget Realignment £11m, including:
  - **£6.3m Adult social care (mainly domiciliary)**
  - £1.5m SEN transport £1.5m (demand and prices)
  - £1.6m Waste (tonnage and reduced income)
- Pay/Prices £22.6m, including:
  - £4.6m National Insurance
  - **£12.6m Social Care (includes NLW, Minimum Wage & 1% estimate)**
  - £1.1m bus fares
  - £0.9m insurance
- Demographic £10.3m, including:
  - **£6.3m Learning Disability**
  - **£2.0m Older People**
  - £1.0m SEN transport
  - £0.5m Waste tonnage
- Legislative £5m
  - **£4.5m Care Act (transfer)**
- £12.4m to replace one-offs in 2015-16

# Service Developments

- 2.0% single pay pot for Kent Scheme (approx £6m)
  - £3.2m additional in budget
  - Boosted by turnover and one-off lump sum
  - Allocated as % pay progression/lump sum
  - Minimum £340fte for lowest paid staff
  - Uplift in grades only affects new appointments
- **Care prices £3.8m**
- Transformation reserve £2.5m
- IT maintenance reserve £1m

# Domiciliary Prices

## Elderly Domiciliary Care - unit cost per hour



## Elderly Domiciliary Care - number of hours provided

