

## Gloucestershire County Council

### Council Strategy and Medium Term Financial Strategy 2013/14 – 2015/16

#### Budget and Precept 2013/14

#### Report and Recommendations

#### A Introduction

1 The Cabinet approved a draft 2013/14 budget for consultation at its meeting on 7<sup>th</sup> January 2013. The consultation budget was £405.703 million with council tax levels again being frozen. This budget excluded Public Health functions because the level of the Public Health Grant was unknown at the time. This grant has subsequently been confirmed as a ring fenced grant for two years at a level of £21.126 million for 2013/14.

Further consultation on the budget has been undertaken since December, which included consultation with the general public, partners, trade unions and Scrutiny Committees. The main findings of this consultation are summarised in Section C4 of the MTFs, and are set out in the detailed consultation report.

This consultation budget was based on a forecast tax base and collection fund surplus which, due to funding changes, was much more difficult to forecast than in past years.

The tax base used for the consultation budget was based on a 10.7% forecast reduction to take account of the localisation of Council Tax benefits, the introduction of the Council Tax support grant and changes to the Council Tax exemptions system. The actual reduction in the tax base, based on the figures provided by the District Councils in January 2013, is an average reduction of -9%, with a range of -4.8% to -12.8%. This has meant an additional £4.1 million for the 2013/14 budget.

The Public Health grant has now been confirmed as £21.126 million for 2013/14 and £21.793 million for 2014/15. This confirmation of the amount of Public Health grant, added to the confirmation of the actual tax base from the District Councils, results in a new budget totalling £430.91 million, which Cabinet approved on 6<sup>th</sup> February 2013 for recommendation to full Council on 20<sup>th</sup> February 2013.

Under this final budget proposal a band D Council Tax of £1090.50 will be set. This is the same level as in 2012/13 and would be the third year of a Council Tax freeze set by the Council.

The MTFs recommendations and consequential approvals are set out at the end of this report.

Supporting documents attached are:

- Council Strategy 2011 to 2015 (2013/14 Update)
- A report on consultation, including Scrutiny Committee responses
- Medium Term Financial Strategy 2013- 2016 and budget 2013/14, which sets out the

detailed financial issues

- Public Sector Duty Equality Assessment

## **B Summary Budget Proposal 2013/14**

- 2 The recommended budget for 2013/14 is £430.91 million which represents a decrease in cash terms (excluding Public Health) of £15.4 million or 3.46%.
- 3 On 8th October 2012 the Chancellor of the Exchequer announced that a government grant, payable in 2013/14 and 2014/15, equivalent to a 1% Council Tax increase, would be made available to all local authorities that freeze Council Tax increases for 2013/14. This grant was confirmed at £2.47 million in the final Finance Settlement. The budget proposes taking up this grant and freezing Council Tax for the third year running.
- 4 The detailed budget for 2013/14, which is explained in depth in Annexes 2 to 4 of the MTFs, contains adequate provision to fund the increased costs of the care of older and vulnerable people, where the budget has again been protected and slightly increased, and to cover other cost pressures including contractually committed inflation costs.

The cost of this additional investment, together with the loss of Government grant, is funded by savings of over £35 million, many of which are a continuation of "Meeting the Challenge" proposals that started in 2011. In total this will take the savings delivered in the three years 2011/12 to 2013/14 to over £100 million.

The success of the Meeting the Challenge initiative means that despite the significant reduction in available funding, the Council has again been able to protect the overall level of funding for the provision of care to older people and vulnerable adults, limit the service redesign savings relating to the reduction of Early Intervention Grant to £2.3 million i.e. significantly less than the grant reduction of £5.4 million, fully fund inflation, provide additional funding for economic development and allow for additional debt redemption funding. This reflects the key feedback from the budget consultation. The budget also makes sufficient provision to fund all of the new 2013/14 capital schemes totalling £40.3 million, an increase of £2.5 million compared with the consultation budget, without the need to take on additional long term borrowing.

## **C Changes between the 2013/14 budget issued for consultation and the final budget**

### **Revenue : Funding Changes**

- 5 The revenue budget proposed for consultation in January 2013, which was based on the draft Financial Settlement issued on 19<sup>th</sup> December 2012, totalled £405.703 million compared with the final budget proposal which now totals £430.91 million. The difference reflects the Public Health allocation of £21.126 million and £4.081 million due to the improved tax base. The tax base for 2013/14 has now been confirmed at 204,893, which is a 9% decrease on the 2012/13 tax base, compared with a forecast decrease of 10.7% included in the consultation budget. The tax base used for the consultation budget was based on a 10.7% reduction to take account of the localisation of Council Tax benefits, the introduction of the Council Tax support grant and changes to the Council Tax exemptions system. The actual reduction in the tax base, based on the figures provided by the District Councils in January 2013, is an average reduction of 9%.

Following receipt of the final Finance Settlement on 4<sup>th</sup> February 2013, there were two changes.

The final formula grant figures have been reduced by £3,000, whilst additional funding that the Government held back to fund the New Homes Bonus has now been released giving an additional £560,000 of one-off funding. The Education Single Grant and Statutory Responsibility Grant remain unconfirmed and the distribution level of funds held back relating to the Rates Retention Safety Net have not been released. It is now proposed that the net increase of £557,000 is used for additional debt redemption in 2013/14.

- 6 Under the Health and Social Care Act, Gloucestershire County Council will have a new statutory duty to *promote* the health of their population, and responsibility for commissioning specific public health services, supported by a ring fenced grant. The ring fenced Public Health grant allocations for Gloucestershire are £21,126 million in 2013/14 and £21,793 for 2014/15.

Five of the new public health responsibilities will be mandated. These are: Sexual Health Services; Health Protection; National Child Measurement Programme; NHS Health Check Assessment and Public Health advice to NHS Commissioners. Additionally, several non mandated functions will be transferring including, for example, Adult Substance Misuse Services and Public Health Mental Health.

Non mandated responsibilities include programmes that are of equal importance in meeting the Council's new duties but will not be nationally prescribed, enabling local flexibility on how they are commissioned and/or delivered based on national and local need and priorities.

Performance will be measured against a subset of locally identified priority indicators from the Public Health Outcomes Framework, which includes 66 public health indicators.

- 7 The only major source of funding that is still to be confirmed relates to the Education Single Grant for which in our funding forecasts we have included an estimate of £5.4 million.

### **Revenue : Spending Changes**

- 8 In terms of new spending proposals in the final budget compared to the consultation budget, four key changes have been made, which are highlighted below.
- 9 In relation to Adult services an additional resource totalling £0.5 million has been identified post consultation to stimulate a range of activities to pump prime projects, which will result in service transformation. This will include improving the Commissioning of Services, extending the Q360 (quality) initiative beyond Learning Disabilities and implementing the social work reform board standards.
- 10 Following the consultation highlighting the importance of continuing to support the most vulnerable additional investment is proposed in services for children and families of £0.75 million. £0.65 million will strengthen targeted support teams in localities, maintain funding for school intervention in maintained schools and address pressures on social care teams. An additional £0.1 million has also been included within the budget to address inflation pressures regarding historic pension costs.

11 Following consultation a further £0.55 million is to be invested into Communities and Infrastructure. This investment covers three measures designed to build on the economic stimulus package introduced in 2012/13:

- £2 million was set aside within the Economic Stimulus package agreed by Council in 2012 for the Local Authority Mortgage Scheme. It was agreed that £1 million be used to fund a GCC scheme, which has proved successful, enabling over 40 properties to be purchased by first time buyers within Gloucestershire and a further £0.2 million was invested into the Stroud schemes.

Given that the £1.2 million funds from the first phase have now been fully committed, an additional £0.2 million of funding has been included within the budget for 2013/14, to be added to the £0.8 million still available from the funding approved by Council in February 2012, to facilitate the extension of the scheme. This will then provide a further £1 million to be used to participate in a “cash-backed” indemnity Local Government Mortgage Scheme from March 2013 or the nearest possible date thereafter. Based on the success of the initial scheme this should facilitate in the order of 40 further properties to be purchased by first time buyers within Gloucestershire

- Recognising that access to finance is a critical and ongoing issue for businesses around the UK, which is restricting growth and employment, an amount of £0.1 million is to be provided to help provide loans to local companies via “Funding Circle” which provides an online ‘marketplace’ to help businesses secure finance and investors achieve improved returns. Funding Circle has been supported by Government who have committed to lend £20 million to businesses through this online ‘marketplace’ approach
- The budget also now makes provision of £0.25 million for a Community Infrastructure Grants Scheme. Under this scheme one off grants will be allocated for capital improvements to community buildings to generate additional income and/or reduce costs, and so support more active communities. Improvements could include, but are not limited to refurbishment/repairs, equipment, accessibility, energy efficiency and renewable energy generation.

12 Finally an additional £2.3 million is included within the final budget proposal to fund additional debt redemption in accordance with our value of “living within our means” and reducing our debt and the burden it places on our revenue finances.

13 A summary of the overall budget for 2013/14 overall cash increases / decreases for the key programme areas, which takes account of all funding changes proposed is outlined below.

| <b>Service Area</b>                      | <b>Budget<br/>2013/14<br/>£m</b> | <b>Cash<br/>Increase<br/>or<br/>Decrease<br/>£m</b> | <b>%<br/>Increase /<br/>Decrease</b> |
|--|----------------------------------|---|--------------------------------------|
| Adults                                   | 152.33                           | +0.674  | +0.44%                               |
| Children and Families                    | 98.63                            | -5.170  | -4.98%                               |
| Communities and Infrastructure           | 85.19                            | -4.961  | -5.50%                               |
| Public Health (New)                      | 21.13                            | N/A   | N/A                                  |
| Strategy and Challenge, Support Services | 21.40                            | -0.774  | -3.49%                               |

|                             |               |                |               |
|-----------------------------|---------------|----------------|---------------|
| Technical and Cross Cutting | 52.23         | -5.215         | -9.08%        |
| <b>Total change</b>         | <b>430.91</b> | <b>-15.446</b> | <b>-3.46%</b> |

## Capital

14 The 2013/14 budget issued for consultation contained £37.8 million for new investment in capital schemes financed by grants and internal resources. Since then further funding announcements have been received, which have increased the capital programme. The main increases in capital for 2013/14, compared with the consultation budget, are:

- £0.30 million Fire grant
- £0.81 million Children & Families – U2’s Building Grant
- £1.36 million Adults Social Care Grant
- £2.47 million Total Increase for 2013-14 New investment

The amount now included in the 2013/14 budget for new capital schemes has increased to £40.27 million, as set out below.

| <b>Grant</b>   | <b>£000</b>   |
|--|---------------|
| Schools (Indicative only)                            | 8,742         |
| Children & Families – U2’s Building Grant            | 810           |
| Adults Social Care Grant (Provisional)               | 1,360         |
| Infrastructure – Highways Block Maintenance Grant    | 14,974        |
| Infrastructure – Integrated Transport Block Grant    | 3,642         |
| Infrastructure – Cinderford Northern Qtr Spine Road  | 3,628         |
| Infrastructure – Additional Funding Autumn Statement | 2,708         |
| Infrastructure - Fire                                | 822           |
| <b>Total Grant</b>                                   | <b>36,686</b> |
| Revenue Contribution – Schools                       | 580           |
| Capital Receipts - Infrastructure                    | 3,000         |
| <b>Total new Capital 2013/14</b>                     | <b>40,266</b> |
|  |               |

## D Consultation

15 Details of consultation undertaken are set out in Section C4 of the MTFS and in a consultation report which accompanies this MTFS.

In summary we have conducted a telephone public consultation to re-affirm public support for the council priorities. The survey ran from 2<sup>nd</sup> to 23<sup>rd</sup> January to provide 1100 responses (statistically representative of the resident population). The results indicate a high level of public support for the council’s priorities with a high level of consistency with last year’s figures. The full consultation report accompanies this report.

## E Council Strategy

16 The Council Strategy, which is summarised in Section E of the MTFS and accompanies the MTFS, is recommended for approval by Cabinet for submission to County Council.

## **F Local Government Finance**

- 17 Full details of the draft Finance Settlement are shown in Section D of the MTFs. The draft Finance Settlement was received on 19th December 2012, with the final settlement being received on 4<sup>th</sup> February 2013.

The key figures in the settlement relating to Gloucestershire are:

- A number of key specific grants have rolled into Formula Grant. These include, Early Intervention Grant (which has been cut by 26%), and Learning Disability and Health Reform Grant.
- Formula Grant has reduced from £125.0 million in 2012/13 to £118.9 million in 2013/14, a 4.9% reduction.
- Full Local Support Services Grant, which is a general grant allocated directly to local authorities as additional revenue funding to areas will not continue into 2013/14. The loss of elements of this grant is just under £1 million.
- Council Tax grant in relation to the 2011/12 freeze of £6.1 million has been confirmed as continuing.
- One-off Council Tax grant in relation to the 2012/13 freeze of £6.15 million has been confirmed as discontinued, however a 1% grant has been offered for both 2013/14 and 2014/15 if the Council once again freezes Council Tax. This grant is worth £2.47 million to the Council for both years.
- A Council Support Grant of £24.5 million will be payable to the Council to offset (at a 90% funding level) the changes being made to the Council Tax Benefit system. This means that there will be a funding shortfall of approximately £2.7 million.
- A Transition Grant, worth £0.6 million to the Council, will be paid where billing authorities design the new Council Tax Benefit scheme to protect benefit claimants from the full impact of the cuts. It is expected that the Council will be eligible for this grant.
- Funding reductions in relation to Academy Schools totalling £11.5 million have been made. Indicative allocations show that the Council will receive back £1.2 million of this for statutory duties for all schools, and £5.4 million (estimated) associated with duties for non Academy Schools. These amounts have been included within the MTFs.
- Public Health ring fenced grant of £21.126 million for 2013/14 and £21.793 million for 2014/15 has subsequently been confirmed.

Following receipt of the final Finance Settlement on 4<sup>th</sup> February 2013, there were two changes.

The final formula grant figures have been reduced by £3,000, whilst additional funding that the Government held back to fund the New Homes Bonus has now been released giving an

additional £560,000 of one-off funding.

The Education Single Grant and Statutory Responsibility Grant remain unconfirmed and the distribution level of funds held back relating to the Rates Retention Safety Net have not been released. It is now proposed that the net increase of £557,000 is used for additional debt redemption in 2013/14.

Following the announcement of Council Tax Freeze Grant for 2013/14, the Council is again proposing to freeze Council Tax levels in 2013/14. Full details of the proposed Council Tax and actual Tax base are provided in section H of the MTFS.

## **G Schools Funding**

- 18 The proposed DSG allocations for 2013/14, as recommended by the Schools Forum, are set out in Section G of the MTFS. Cabinet are now asked to approve these allocations.

## **H Capital Programme**

- 19 The full capital programme is set out in section L and Annex 9 of the MTFS.
- 20 The capital programme provides investment in the county totaling £331 million over a five-year period from 2011/12 to 2015/16.

The main investment is on Highways and Infrastructure (£185 million) and schools and facilities for children (£126 million).

The new capital programme from 2013/14 is largely “capped” at the level of developer contributions and capital grants received, given that it is a Council priority to reduce the level of long term debt, and hence interest and capital repayments.

Schemes in excess of this amount included within the new programme will be funded from other available finance sources, including Capital Receipts, the Capital Fund and by making revenue contributions to capital where possible, thereby avoiding the need for new borrowing. In accordance with the Council priority to reduce debt, provision for new schemes beyond 2013/14 is dependent upon funding and is likely to be “capped” at the level of developer contributions and capital grants received.

- 21 The total capital spend planned for 2013/14 is £78.6 million, £40.27million new capital spend plus £38.3 million existing capital schemes, with the majority of spend planned for schools and facilities for children (£30 million) and Highways and Infrastructure (£42 million).

## **I 2012/13 Current Financial Position**

- 22 The current outturn forecast for 2012/13, based on January 2012 monitoring is an overall under spend of around £4 million. Full details of this forecast are provided in section F and Annex 6 within the MTFS.

## **J Treasury Management and Prudential Indicators**

- 23 The Treasury Management Strategy Statement and Annual Investment Strategy (AIS) are shown in Section N and Annex 10 in the MTFS.

Annex 10 provides details of:

- Treasury Management Strategy for 2013/14, including, borrowing, debt rescheduling, and investments.
- Prudential Indicators.
- Minimum Revenue Provision (MRP) Statement.
- Specified and Non Specified Investment for use by the Council.

24 In strict accordance with recommendations made by our Treasury Management Advisors, we are proposing the following key changes in relation to counterparty and credit risk.

- Removal of the short term credit rating criteria for counterparties. The reason for this is that the long term rating is a better indicator of credit quality as it shows the longer term stability of the bank.
- Maximum duration for all new term deposits increased to 2 years, with lower durations adhered to when advised by our Treasury Management Advisors.

In addition under non specified investments now included are, “investments with Banks/Building Societies that do not meet specified investment criteria (on the advice of the Council’s Treasury Management advisors) with the approval of the Strategic Finance Director and Lead Cabinet member and/or the Leader of the Council”.

The Cabinet and the Audit Committee have approved the strategy for recommendation to Council, and Council are now also asked to approve the Treasury Management Strategy.

## **K Risk Management Strategy**

25 Risk Management is one of the key principles of good governance which is underpinned by public sector legislation. To ensure the Council continues to manage the risks and opportunities associated with the Council’s service delivery, a revised Risk Management Policy Statement and Strategy, has been developed to align with the Council’s New Operating Model and based on national Risk Management Standards and positives already achieved. This strategy is provided in Section O and Annex 11 within the MTFS.

The Cabinet and the Audit Committee have approved the strategy for recommendation to Council, and Council are now also asked to approve the Risk Management Strategy.

## **L Future Years Forecast Budgets**

26 The Council’s financial forecasts for 2014/15 and 2015/16 are set out in section K of the MTFS. The 2014/15 forecast is based on the two year finance settlement announced on 19<sup>th</sup> December 2012 and finalised on 4<sup>th</sup> February 2013 however, given the absence of a finance settlement for 2015/16 the forecast for this year has been based on a number of prudent key funding assumptions.

## **M Reserves and Risk**

27 Under the Local Government Act 2003 the Council has a responsibility to ensure that reserves are adequate and in doing so should take advice from the Chief Financial Officer.

- 28 Overall, as detailed in section I and Annex 7 of the MTFs, the Council's reserves as at 31<sup>st</sup> March 2013 are forecast to be:

|  |                |
|--|----------------|
|  | £000           |
| Earmarked Reserves                     | 79,735         |
| Schools Related Reserves               | 22,139         |
| General Reserves                       | 19,721         |
| Capital Grants Unapplied Reserve       | 2,700          |
| <b>Total reserves at 31 March 2013</b> | <b>124,295</b> |

- 29 During 2012/13 all reserves have been examined in detail.

General balances have been increased by £1.224 million resulting in a forecast level of £19.721 million at 31<sup>st</sup> March 2013 (4.9% of the net budget proposed for 2013/14).

Although this is a satisfactory level of general reserves, being within the target range of 4% to 6% (currently £16.103 million to £24.155 million), it is slightly below the average for County Councils in the South West Region which stands at 5.4%. It is not planned to increase general reserves further in 2013/14, with the base budget provision being used for additional debt redemption.

- 30 Earmarked Reserves are forecast to fall from £80.1 million (£82.8 million including the capital grant reserve) as at 31<sup>st</sup> March 2012, to £79.7 million (£82.4 million including the capital grant reserve) as at 31<sup>st</sup> March 2013, a reduction of £0.4 million. This forecast assumes a balanced outturn position for 2012/13. Annex 7 provides a summary of the Earmarked Reserves, including all of the proposed and forecast reserve movements during the year.

## N Budget Assumptions

The table below shows the main budget assumptions together with an assessment of their robustness and the risk they pose to the Council's financial strategy.

|                    | <b>Assumption</b>  | <b>Comments</b>   |
|--------------------|--|---|
| Prices Inflation   | Actual amounts have been included where they are contractual commitments.  |   |
| Pay Inflation      | A 1% provision is included.  |   |
| Pensions Inflation | A provision has been made for a further 1% increase in the LGPS employers contribution rate and a contribution towards past service deficit. |   |
| Interest Rates     | Continuing low interest levels of less than 1% are assumed   | All existing debt is fixed. No further borrowing is required under the budget –proposals, and provision is made for additional debt redemption. |
| Capital Receipts   | Under Meeting the Challenge, £45m of capital receipts are expected to be delivered over  | £9.1 million of capital receipts were generated in 2011/12 and £9.4 million are forecast to be delivered in                                     |

|   |  |  |
|---|--|--|
|   | the four years 2011/12 to 2014/15.   | 2012/13. The target for capital receipts in 2013/14 is £20 million.  |
| Demand led pressures                      | Plans and funding are in place to meet additional demand pressures in social care. | Budgets for social care for Adults, although again protected in 2013/14, will need careful management to ensure that net expenditure is contained within budget.   |
| Efficiency savings and service reductions | £35.2 million are required under the 2013/14 budget proposal.                      | Over the last 2 years savings in excess of £65 million have been delivered and robust plans are in place to deliver the £35 million required in 2013/14, taking the savings delivered to balance the budget to over £100 million over a three year period. |

It is the Chief Finance Officer's opinion that the assumptions are realistic but challenging and that services are able to meet their service targets and obligations within their proposed budget allocations, albeit with some risk. The risk of non-achievement can be underpinned by the availability of unapplied general reserves.

## **O Financial Standing**

The Council has complied fully with the requirements of the Prudential Code for Capital Finance in Local Authorities. The formal recommendation to the Council will set out the prudential indicators, which the Council must adhere to. The Strategic Finance Director is satisfied that the level of borrowing assumed in the indicators is affordable and sustainable. Under Meeting the Challenge debt will be reduced in accordance with the priorities of the Council.

The County Council secures insurance cover through a combination of internal funding and external policies. The internal funding (consisting of a provision against known liabilities of around £5 million and a reserve against future claims of £10.6 million) is sufficient to meet the maximum exposure before external policies provide cover. The Strategic Finance Director is satisfied that the insurance cover is adequate to meet all reasonable insurance liabilities.

## **P Risk Assessment**

The Council has carried out a risk assessment on all its financial activities. The most significant risks identified have been included in the budget report as part of the Council's consideration. The Strategic Finance Director is satisfied that, where possible, the proposed budget adequately addresses the risks identified.

In the medium term, the most significant financial risks to the Council are the changes to the local government funding arrangements, particularly the localisation of Council Tax benefits, the introduction of the Council Tax support grant and changes to the Council Tax exemptions system, and the likely further loss of government grant over the next few years. Other financial risks relate to economic conditions, safeguarding children, increasing demographic pressures in Adult Care, pensions and waste disposal costs. The Council is aware of these risks and is investing to improve efficiency of services to release resources.

The Council faces the risk of a major uninsurable event e.g. severe weather or civil emergency. The Chief Financial Officer considers that the forecast level of general reserves at 31<sup>st</sup> March 2013, together with the availability of other reserves in the case of an emergency, is sufficient to meet any reasonably foreseeable event.

The Strategic Finance Director is satisfied that the arrangements in place to protect the Council from financial risks are adequate and that the level of reserves is appropriate given the nature of the risks to the Council summarised above.

## **Q Public Sector Equality Duty**

31 Due regard of the Public Sector Equality Duty has taken place throughout the budget setting process. A due regard statement has been developed and accompanies this report. The statement outlines for each budget area, a contextualised equality analysis, the challenges and opportunities identified as a result of savings and proposed mitigating/strengthening actions. Key findings are summarised below:

- The budget has been developed following consultation with residents and stakeholders and a review of updated quantitative and research data across the protected groups. The Council is currently strengthening evidence collated across the newer protected groups, sexual orientation, gender reassignment, religion and/or belief, marriage and civil partnership and pregnancy and maternity. Where quantitative data on the newer protected groups was limited, other sources of information have been used.
- Due regard to the equality duty will continue to be undertaken as decisions are implemented.
- The **Adults social care budget** is being protected and further investments are being made to reflect the increased costs of demographic changes. The Council has invested a further £6.7m to support the needs of vulnerable adults, which we know includes the protected groups of age (older adults), adults with disabilities and gender. This recognises the continued growth and demand on services. Despite this investment, the council still needs to reduce its costs which will be done through increased focus on personalised budgets, community support, and reablement.

As this transformation of care services is implemented there may be an impact on adults with disabilities and older people with or without disabilities. We have developed a number of actions to address this including to show a continued due regard of changes as they are implemented, to introduce new adult scorecard measures and to keep engaging with carers and affected service providers.

- The **Children and Families budget** is facing significant constraints as resources are reducing and demands for specialist services continue to increase. Changes in central government funding arrangements are also shifting responsibilities to schools and reducing council budgets. In 2013/14 the overall budget for Children and Families will reduce by £5.2 million (just under 5%). To meet this reduction and fund cost increases in this area, we need to reduce costs by £6.6m and this includes funding allocated to the Supporting People programme which focuses on vulnerable adults.

To manage these and on-going budget reductions we have continued to prioritise supporting the most vulnerable groups and early intervention activities. This includes; commissioning a new youth service contract which will operate from April 2013 and will target those young people with substantial needs including those with disabilities (including NEETS) and some young people from BME backgrounds.

A new children's centre contract will target those younger children who are most vulnerable including children with disabilities and those from BME backgrounds. School funding changes will see the council transfer some of its responsibilities directly to schools including the transfer of the Race Equality and Diversity Service.

To mitigate this we have committed to developing a new core education service to support the most vulnerable children and young people. This includes children with special educational needs, children whose first language is not English, asylum seekers and immigrants primarily from Eastern Europe. The Supporting People budget reductions are aimed at developing a more flexible and early intervention approach aimed at supporting better outcomes for individuals using these services. To monitor this new approach and gain an understanding of the diversity profile of individuals using these services we will procure a new management information system.

- Within **Communities and infrastructure** accessibility of services is a priority for all our residents and in particular for the protected groups of age, gender, disability and maternity and pregnancy. We will measure any impacts of changes to services by introducing new performance indicators where appropriate and through a review of customer satisfaction and complaints which will be analysed in relation to complaint category and by complainants protected group. Community cohesion indicators such as reporting of hate crime incidents will continue to be monitored by the Gloucestershire Stronger Safer Justice Commission.
- **Our workforce** profile remains unchanged as a result of budget changes made over the last two years with females making up almost 70 percent of the workforce, 3 percent of our staff have declared a disability and 4 percent of our staff are from ethnic minority backgrounds. We will continue to show due regard to all staff needs but particularly those employees with reasonable adjustments in the workplace as we transfer staff working on services that are now subject to TUPE transfer. The needs of employees with reasonable adjustments and/or other support needs will also be considered as we continue to reduce our office accommodation space.

The Cabinet is therefore asked to confirm that sufficient due regard has been shown during this budget development and that the strengthening/mitigating actions identified address potential impacts across the protected groups affected.

## **R Conclusion**

- 32 The Strategic Finance Director (the Chief Financial Officer) considers that the budget proposals set out by the Cabinet are robust and sustainable. The level of reserves is sufficient to meet the known risks within the budget, taking account of the Councils robust financial management framework.

## RECOMMEND TO COUNCIL

- 1 That the 2013/14 update of the Council Strategy 2011-2015 is approved by Council.
- 2 That, having considered the additional consultation responses and the Public Sector Equality Duty Assessment, approval is given to the MTFS and the revenue and capital budgets for 2013/14, council tax for each valuation band, and to issue precepts on each district collection fund as set out below:

Gloucestershire County Council 2013/14 Budget:

|   | <b>£000</b>           |                    |
|---|-----------------------|--------------------|
| <b>Original 2012/13 reworked Budget</b>             | <b>425,230</b>        |                    |
| Inflation (1)                                       | 7,446                 |                    |
| Cost and spending increases                         | 12,307                |                    |
| Cost Reductions                                     | <u>-35,199</u>        |                    |
| <b>Total (excluding Public Health)</b>              | <b>409,784</b>        |                    |
| Public Health                                       | 21,126                |                    |
| <b>Total (All)</b>                                  | <b><u>430,910</u></b> |                    |
| Less:   |                       |                    |
| Formula Grant                                       | 159,590               |                    |
| Council Tax Freeze Grant (2012/13 and 2013/14)      | 8,573                 |                    |
| Public Health Grant                                 | 21,126                |                    |
| NHS Funding   | 9,055                 |                    |
| New Homes Bonus                                     | 1,819                 |                    |
| One off Transitional Grant                          | 664                   |                    |
| Education Single Grant                              | 5,400                 |                    |
| Education Statutory Responsibility Grant            | 1,247                 |                    |
| <br>Total to be precepted (Council Tax Requirement) | <br>223,436           |                    |
|   | <br>                  |                    |
|   | <b>Taxbase</b>        |                    |
|   | <b>Total</b>          |                    |
|   | <b>Total Precept</b>  |                    |
|   | <b>£</b>              |                    |
| Cheltenham  | 38,425.70             | 41,903,226         |
| Cotswold  | 36,200.30             | 39,476,427         |
| Forest of Dean                                      | 25,973.10             | 28,323,665         |
| Gloucester City                                     | 34,394.14             | 37,506,810         |
| Stroud  | 40,187.91             | 43,824,916         |
| Tewkesbury  | 29,712.41             | 32,401,383         |
| Total   |                       | <b>223,436,427</b> |

- 3 That the net one-off increase of £557,000 received in the final Financial Settlement for 2013/14 is used for additional debt redemption.
- 4 a) That approval is given to the Capital programme set out in Annex 9 of the MTFS

- b) That approval is given to the Operational Boundary and Authorised Limits of borrowing, as set out in the Treasury Management Strategy, at Annex 10 in the MTFS as follows:

|                      | <b>2012/13</b><br><b>£000</b> | <b>2013/14</b><br><b>£000</b> | <b>2014/15</b><br><b>£000</b> | <b>2015/16</b><br><b>£000</b> |
|----------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Operational Boundary | 495,000                       | 495,000                       | 495,000                       | 495,000                       |
| Authorised Limits    | 525,000                       | 525,000                       | 525,000                       | 525,000                       |

- c) Noting that the authorised limit for 2013/14 will be the statutory limit determined under section 3 (1) of the Local Government Act 2003
- d) That the approval is given to the Prudential Indicators for Treasury Management set out in Annex 10 of the MTFS for
- (i) Upper limit of fixed interest rate exposure of £450 million of net outstanding principal sums
  - (ii) Upper limit of variable rate exposure of £200 million of net outstanding principal sums
  - (iii) the maturity structure of borrowings as set out in Annex 10
  - (iv) the upper limit for principal sums invested for more than 364 days of £30 million
- e) That approval is given to the Treasury Management Strategy set out in Annex 10 of the MTFS.
- 5 That approval is given to the Risk Management Strategy set out in Annex 11 of the MTFS.