

## Gloucestershire County Council

### Council Strategy and Medium Term Financial Strategy 2016/17 – 2018/19

#### Budget and Precept 2016/17

#### **A Introduction**

1. This report refers to the detailed MTFs attached, and should be read in conjunction with the Council Strategy, the Due Regard Statement and the Consultation reports which accompany it.

In December 2015 the Cabinet proposed two alternative 2016/17 budgets for consultation. The first budget totalled £411.66 million and was based on a 1.99% Council Tax increase, the first tax increase levied by the Council in five years. The second budget was exactly the same as the first, with the exception that it had an additional £4.7 million investment for Adult Social Care, which would be funded by a new 2% National Adult Social Care levy, and totalled £416.35 million.

Following Cabinet the draft financial settlement was announced on 17th December 2015, which was complex given the roll in of grants to core funding, and both the redistribution and reduction in core funding across local government. The taxbase has now also been confirmed by all six districts and most recently their surplus and deficit levels on the collection fund.

Given the significant pressures on the Adult Social Care budget, and in the context of the feedback from consultation which supported budget option 2, the final budget proposal for 2016/17, which Cabinet recommend to Council, is £417.98 million.

Details of the Council Strategy which outlines the Council's strategic policy direction, under which the budget proposal is formulated, together with the results of consultation on this policy direction are provided in sections E and F of this report.

#### **B Summary Budget Proposal 2016/17**

- 2 The recommended budget for 2016/17 is £417.98 million, which includes £4.7 million which is being ring fenced to the Adults Social Care budget funded from the 2% National Adult Social Care levy. This represents a decrease in cash terms of £2.048 million or 0.49% from 2015/16, due to the significant reduction in Government grant funding.
- 3 The recommended budget for 2016/17 contains:
  - £21.76 million of investment into services, particularly those for older people and vulnerable children and adults
  - £8.47 million to cover for increased costs due to inflation.
  - Funding for £58.42 million of new capital investment in roads, schools and other services.
  - £32.28 million of savings delivered under the second year of the "Meeting the Challenge 2 - Together We Can" programme.

- 4 The overall cash increases / decreases for service budgets are detailed in the table below.

<b>Overall Budget</b>					
<b>MTFS 2016/17 Budget Summary</b>					
<b>Budget Area</b>	<b>2015/16 GCC Revised Base Budget £'000s</b>	<b>Cost Reductions £'000s</b>	<b>Cost Increases (Including Inflation) £'000s</b>	<b>Proposed 2016/17 Budget £'000s</b>	<b>Cash Increase / Decrease £'000s</b>
<b>Programme Budget Areas</b>					
Adults	140,988	-10,790	8,787	138,985	-2,003
National Adults Care Levy	0	0	4,726	4,726	4,726
<b>Total Adults Budget</b>	<b>140,988</b>	<b>-10,790</b>	<b>13,513</b>	<b>143,711</b>	<b>2,723</b>
Children and Families	91,683	-6,675	6,831	91,839	156
Communities and Infrastructure (Excluding Waste)	56,346	-6,147	1,722	51,921	-4,425
Waste	26,988	0	561	27,549	561
Business Support	25,984	-1,094	920	25,810	-174
Technical and Cross Cutting	53,109	-5,440	3,542	51,211	-1,898
<b>Total GCC</b>	<b>395,098</b>	<b>-30,146</b>	<b>27,089</b>	<b>392,041</b>	<b>-3,057</b>
Public Health	24,934	-2,132	3,141	25,943	1,009
<b>Total Budget</b>	<b>420,032</b>	<b>-32,278</b>	<b>30,230</b>	<b>417,984</b>	<b>-2,048</b>

- 5 Full details of the budget proposals are set out in annexes 2 and 3 within the MTFS which accompanies this paper.

Details of the commissioning intentions for each commissioning area moving forward are provided at Annex 1 within the detailed MTFS. The Annex highlights current achievements and future plans in relation to the redesign of services within Gloucestershire, which aim to maximise effectiveness whilst delivering on the significant financial challenges facing the Council. These detailed narratives cover Children and Families (Annex 1.1) which includes the Cabinet response to the Scrutiny Task Group Recommendations on the recruitment and retention of Social Workers, Adults (Annex 1.2), Public Health (Annex 1.3) and Communities and Infrastructure (annex 1.4).

## **C Changes between the 2016/17 budget issued for consultation and the final budget**

### **Revenue : Funding Changes 2016/17**

- 6 The Cabinet approved two 2016/17 consultation budgets in December 2015. The first budget totalled £411.66 million and was based on a 1.99% Council Tax increase, the first tax increase levied by the Council in five years.

The second budget was exactly the same as the first, with the exception that it had an additional £4.7 million investment for Adult Social Care, which would be funded by a new 2% National Adult Social Care levy, and totalled £416.35 million.

The consultation budgets were based on the Spending Review announced on 25th November 2015, which whilst it gave a broad indication of central government funding levels, it provided no specific details in relation to Local Government. It highlighted a cash terms increase in spending between now and 2019/20, but assumed that a significant cut in funding (46% nationally) was offset by an increase in local taxation receipts.

Following the release of the provisional financial settlement for 2016/17 on 17th December, and the notification of the final tax base and collection fund surplus/deficit figures from the District Councils in January, the final budget proposal for 2016/17 is £417.98 million, £1.63 million (0.39%) higher than the consultation budget option 2 of £416.35 million (both of which include the 1.99% Council Tax increase and 2% Social Care levy), giving a Band D total of £1,134.01. The changes in funding between the draft budget (December cabinet, pre the draft finance settlement) and the final budget proposal (post the draft finance settlement) is analysed as follows;

- A reduction in the formula grant per the draft financial settlement of £1.475 million
- A reduction in Business Rates Collection Fund of £0.775 million.
- An increase in the Taxbase of £1.88 million, up from £243.83 million to £245.71 million, which includes £0.037 million relating to the Adult Social Care Levy.
- An increase in the Collection Fund surplus of £2 million, up from £3 million to £5 million.

In addition to the reduction in core formula funding a small number of ring fenced grants have been “rolled in” i.e. we will no longer receive them as separate ring fenced grants. These are the Lead Local Fisheries grant, the Sustainable Urban Drainage grant and the Care Act Funding grant. Commitments associated with these grants have been built into this final budget proposal.

The tax base increases, advised by the District councils, show an average increase of 2.24%, ranging between 1.5% and 3.1% across the six district councils. The 2.24% increase is significantly higher than the 1.5% estimate used for the draft budget, which was based on best available information provided by the District Council’s in November 2015. The overall Council Tax Collection Fund surplus figure set by the District Councils is £5.0 million (individual District Council’s range between £0.590 million and £1.040 million), which again is significantly higher than that forecast in the draft budget based on district estimates.

District Council colleagues advise that there are two key reasons for the increase in the tax base and Collection Fund surplus; there has been an increase in house building over the last 12 months and they are still dealing with the implications and associated assumptions of the localisation of Council Tax benefits. Following the localisation of Council Tax benefits and changes to the Council Tax exemptions system a large decrease in the tax base was experienced in 2013/14 followed by a large increase in 2014/15 and 2015/16. The expectation was that this would start to stabilise, however the complexity that this has added to the calculation of the tax base continues, resulting in large annual increases.

In terms of the financial settlement, four years were provided as an offer to local authorities. There are currently no further details on how we accept the offer, however should we choose to do so, it will mean that the Council would be provided with more financial security until 2019/20. Further details are expected to be provided with the final settlement in February 2016. It is recommended that, in the event this is a beneficial approach for GCC financially, delegated authority be given to the Finance Director to produce the necessary efficiency statement within the DCLG deadline, based on the approved MTFs, in consultation with the Cabinet member for Finance and Change, once more detailed guidance is received from DCLG. An update will be given to members by the finance Director through the 2016/17 budget monitoring reports.

Other grants that are included in the Council's core funding, some of which have yet to be confirmed, are as follows:

- Public Health Grant – estimated to be £25.94 million.
- Better Care Fund - £11.6 million is included within the Council's core funding, however total allocations for 2016/17, are as yet not announced.
- Education Support Funding – provisional allocation of £4.9 million included within core funding.
- New Homes Bonus - £4.5 million provisional announcement.

The Council also receives a number of specific grants, and as yet confirmations are outstanding on these, with updates expected with the final settlement in February 2016. The latest position is as follows:

- Childcare - The CSR announced that the Government is going to double the amount of free childcare for eligible 3 and 4 year olds from 15 to 30 hours a week from September 2017. It has been assumed that additional funding will be announced in due course to fund the expanded service.
- School Funding - The Government has also announced that a national funding formula for schools will be implemented from 2017/18 with a consultation exercise due to commence in 2016. The national funding formula will embrace early years and high needs as well as mainstream schools. Gloucestershire is likely to benefit from any move to a formula approach to education funding.

The pace of transition will be a key issue; schools in some local authority areas will face significant reductions. The Spending Review also confirmed that school funding will be protected in cash terms per pupil. So the budget will increase to reflect growth in pupil numbers nationally but will not cover the cost of pay and other cost increases.

- Potholes Fund - An additional £250 million will be available nationally to tackle potholes, further announcements from the Department of Transport will outline the detail.
- Independent Living Fund - DCLG has confirmed that there will continue to be a separate grant in 2016/17 to support service users previously in receipt of the Independent Living Fund, in order 'to support councils in meeting their duties under the Care Act 2014'.
- Extended Rights to Free Travel - The Department for Education (DfE) has confirmed that the grant for extended rights to free travel grant will continue in 2016/17.
- Local Reform and Community Voices Grant – Final decisions are being made about this grant.
- Social Care Capital Grant – It has been confirmed that this grant will not continue.

#### **Revenue: Spending Changes 2016/17:**

7 The following increases have been made to the budget proposal for 2016/17:

- Mental Health savings within the Adults budget have been reduced by £0.026 million to reflect forecast slippage, thereby increasing the budget by this amount.
- A new cost increase of £0.019 million has been included within the Communities and Infrastructure budget for Sustainable Urban Drainage to offset grant loss in this area, thereby increasing the budget by the amount.
- An increase in funding of £0.037 million due to the additional amount raised from the National Adult Social Care Levy as a result of the increased taxbase, thereby increasing the budget by this amount.

The following decreases have been made to the budget proposal for 2016/17:

Strategy and Challenge savings within the Business Support budget have increased by £0.039 million to reflect early delivery of savings in 2016/17, thereby reducing the budget by this amount.

These changes account for a £0.043 million increase in the budget. It is proposed to utilise the remaining additional budget of £1.59 million to provide a contingency to mitigate against slippage in the delivery of the £32.3 million of MtC2 savings built into the proposed 2016/17 budget, thereby reducing the level of over spend risk within the 2016/17 budget. In addition to this, the £4.726 million which will be raised from the National Social Care levy is fully included within the Adults budget.

All of the above are now included within the analysis of budget movements by service area at Annex 2 in the MTFS and are built into the detailed budgets at Annex 3 in the MTFS.

### **Capital Funding Changes 2016/17**

- 8 The 2016/17 budget issued for consultation contained £45.06 million for new investment in capital schemes financed from grants, revenue contribution to capital and capital receipts.

Since the December draft budget further additional funding has been agreed for Section 106 agreements of £12.691 million.

This new funding plus additional infrastructure revenue contributions of £0.112 million, and school contributions of £0.560 million have increased the amount of new investment in the 2016/17 budget by £13.363 million to £58.423 million.

The additional funding for new 2016/17 capital schemes of £13.363 million is detailed in the table below.

<b>Additional Funding for New Capital Schemes 2016/17</b>	
	<b>£'000</b>
<b>Revenue Contributions – Infrastructure</b>	112
<b>School Contributions (estimate)</b>	560
<b>Developer Contributions – schools</b>	12,691
<b>Total New Capital 2016/17</b>	<b>13,363</b>

### **Capital : Spending Changes 2016/17**

The additional contributions and grants mean that the 2016/17 Capital Programme can include a number of service priority schemes not previously included in the proposed budget issued for consultation. These additions are reflected in section M and Annex 8 of the MTFS.

These new 2016/17 capital schemes are detailed in the table below.

<b>Increase in New Capital Schemes 2016/17</b>	
	<b>£'000</b>
<i>Children and Families</i>	
Capital Maintenance Programme (estimate)	280
Suitability Programme (estimate)	220
Elmbridge Primary	60
Grangefield Primary	2,500
Severn Vale School	1,800
Beaufort School	3,800
Hardwicke Primary School	500
Shurdington Primary School	250
Cleeve School	3,841
<i>Infrastructure</i>	
Highways Locals	70
Flood Alleviation Scheme	32
Other minor schemes	10
<b>Increase in Total New Capital 2016/17</b>	<b>13,363</b>

## **D Overall Capital Programme**

9 The full capital programme is set out in section M and Annex 8 of the MTFS.

The Capital Programme increases outlined in section C above and additional Growth Fund grants for existing schemes (£3.8 million for the Cinderford Northern Quarter and £1.99 million for Berkeley Bridges), and external/revenue contributions of £0.372 million, gives a Capital Programme for the Council totalling £458.818 million.

The main investment is in Communities and Infrastructure (£290.863 million) and Schools and facilities for children (£159.542 million), with the remainder being in Adults (£8.413 million).

Consistent with the Council's priority to reduce the level of long term debt, and the impact of interest and capital repayments on the revenue budget, the new Capital Programme from 2016/17 is largely "capped" at the level of developer contributions and capital grants received.

Priority schemes not supported by grants or contributions, which are detailed in the MTFS, have been included within the new capital programme on the basis that they will be funded from capital receipts, thereby avoiding the need for new borrowing. These new schemes for 2016/17 not supported by grants or contributions amount to £7.850 million.

Currently forecast capital spend for 2016/17 is £124.881 million, with the majority of spend planned for schools and facilities for children (£36.965 million) and Communities and Infrastructure (£85.452 million). This forecast spend will be dependent on the 2015/16 outturn position and is subject to review during the first quarter of 2016/17.

The £58.423 million for new 2016/17 capital schemes and other changes to the Capital Programme result in a total Capital Programme of £458.818 million, as detailed in the table below.

<b>Total Capital Programme</b>	
	<b>£'000</b>
<i>Existing Approval</i>	394,233
<b>New Capital Schemes 2016/17</b>	58,423
<i>Additional Funding for Existing Schemes:</i>	
Cinderford North Quarter	3,800
Berkeley Bridges	1,990
External/Revenue Contributions	372
<b>Total Capital Programme</b>	<b>458,818</b>

## **E Council Strategy**

- 10 The Council Strategy, developed under “Meeting the Challenge 2 – Together We Can” is the key high-level document that, along with the Medium Term Financial Strategy (MTFS), sets the Council’s strategic policy direction. It is supported by a series of policy statements that set out our proposals for specific areas in more detail.

The Council Strategy is written in the context of continued constraints on public sector funding accompanied by growing demand for key council services. Left unchecked, the combination of these factors would require us to spend an increasing proportion of the Council’s budget on social care for vulnerable children and adults, and on the care of older people. If we carry on trying to respond in the same way, we risk these services becoming overwhelmed and delivering diminishing results.

However, we believe that this also presents us with an opportunity to continue to think differently about the services we provide and the way we provide them.

We want to help people to live fulfilling and independent lives by ensuring that they can access support that meets their individual needs through working with the entire community. We believe that this will achieve better results for individuals and mean that the Council’s resources can continue to support the most vulnerable in our community.

This direction of travel is in accordance with a public consultation carried out on “Meeting the Challenge 2 – Together We Can” in 2014 where the response was overwhelmingly positive about our proposals and provided us with a strong mandate for change.

The Council Strategy has been updated and is provided as an Appendix to the MTFS. Commissioning intentions are provided for each commissioning area moving forward at Annex 1 in the detailed MTFS.

## **F Consultation**

11 A formal budget consultation took place between 17 December 2015 to 22 January 2016, with the following groups:

- Key partners including Health, the Independent and Voluntary sectors and district, town and parish councils,
- The general public
- The council's The People's Panel
- Trade Unions and professional associations,
- Staff via the usual communication channels,
- Schools via the schools forum, open meetings and Head Teacher groups

There were 943 responses to the budget consultation.

There was strong endorsement that the council should continue to focus its budget and resources on the six key themes set out within the Council Strategy.

93% of respondents said that we have the right priorities and we should focus on supporting the most vulnerable, working with communities and individuals to help them to do more for themselves and reduce our running costs to get the best out of our assets.

Over half of respondents, 61%, were in favour of a council tax rise in 2016/17, with 38% in favour of freezing council tax and 1% not responding to the question

Breaking down the 61% in favour of a Council Tax increase, the majority, 43%, favoured the 3.99% which includes the National Adult Social Care Levy with 18% favouring only 1.99%.

Overall the comments received supported the council's proposals to raise council tax particularly in order to invest in services for people who need them most

The top five comments on the council's 2016 budget were:

- Cancel the incinerator
- Focus on providing services for the most vulnerable including services for the elderly and children's services
- Invest in Gloucestershire's infrastructure, in particular roads
- Transparency needed over how the additional money raised will be spent
- Focus budget on the statutory services

The Overview and Scrutiny Management Committee have also undertaken their own budget scrutiny process, with scrutiny meetings held with members of the Health and Care Scrutiny Committee, Environment and Communities Scrutiny Committee and the Children and Families Scrutiny Committee. Members of the Overview and Scrutiny Management Committee also received a presentation and discussed the MTFS on 25<sup>th</sup> January 2016.

Following these meetings the Scrutiny Management and Overview Committee fed back their views to the 3<sup>rd</sup> February Cabinet meeting.

## **G Schools Funding**

12 The Dedicated Schools Grant (DSG) allocation for 2016/17 was announced by the DfE on the 17<sup>th</sup> December 2015 and is set out in Section G of the MTFS.

The 2016/17 pupil unit rates used by the DfE to calculate the schools block and early years block elements of the DSG have been frozen at the 2015/16 levels.

The final formula for delegation of school budgets was recommended by the Schools Forum on 14<sup>th</sup> January 2016 and is shown in Annex 4 of the MTFS. This takes account of the revised data set (based on the October 2015 school census) issued by the DfE on 10<sup>th</sup> December 2015.

The main changes to the DSG since 2015/16 are:

- Confirmation that Gloucestershire's £12.3 million share of the additional £390 million allocated to the DSG of poorly funded authorities in 2015/16 has been permanently added to the budget and into the 2016/17 DSG.
- £3.0 million added to the DSG for the net increase in pupil numbers.

An additional £1.0 million has been added to the DSG for high needs top up funding, which is from a share of national high needs headroom held by the DfE and allocated based on the age 2 to 19 population estimates.

## **H 2015/16 Current Financial Position**

13 The current outturn forecast for 2015/16, based on December 2015 forecasts, is a forecast over spend of £2.34 million.

Full details of this forecast are provided in a separate monitoring report to 3<sup>rd</sup> February 2016 Cabinet.

## **I Treasury Management and Prudential Indicators**

14 The Treasury Management Strategy Statement and Annual Investment Strategy (AIS) are shown in Section N and Annex 9 in the MTFS. The Strategy takes account of the Code of Practice for Treasury Management in the Public Sector.

The proposed Treasury Management Strategy recommends a change in relation to the Minimum Revenue Provision Policy (MRP). This change still allows for a prudent MRP provision, has no adverse impact on the Council's debt maturity profile and avoids the potential for surplus MRP in 2016/17 onwards, following the successful redemption of all internal borrowing by the end of this financial year. The new policy was developed in discussion with both the council's Treasury Management adviser (Arlingclose) and external audit (Grant Thornton). The approach was explained in depth at a Treasury Management member training session on 20<sup>th</sup> January 2016 and discussed and supported by the Audit and Governance Committee, who have responsibility for the Treasury Management Strategy, at their recent meeting on 22<sup>nd</sup> January 2016. It is proposed to implement this change in the current financial year, which will save the council around £4 million per annum from 2015/16.

Annex 9 provides details of:

- Treasury Management Strategy for 2016/17, including borrowing, debt rescheduling, and investments.
- Prudential Indicators.
- Proposed Minimum Revenue Provision (MRP) Policy.
- Specified and Non Specified Investment for use by the Council.

## **J Future Years Forecast Budgets**

15 The Council's financial forecasts for 2017/18 and 2018/19 are set out in section L of the MTFs.

These forecasts are only indicative due to the lack of government funding information post 2016/17, especially in relation to grant distribution methods.

## **K Reserves and Risk**

16 Under the Local Government Act 2003 the Council has a responsibility to ensure that reserves are adequate.

A summary of the Council's forecast reserves as at 31<sup>st</sup> March 2016, and movements since 31<sup>st</sup> March 2015 are as follows:

	<b>31<sup>st</sup> March 2015 £000</b>	<b>31<sup>st</sup> March 2016 £000</b>
Earmarked Revenue Reserves – Non Schools	94,773	73,885
Earmarked Reserves - Schools Related	28,091	28,091
General Fund Reserves	19,848	19,848
Total Capital Reserve	51,823	51,823
<b>Total Reserves</b>	<b>194,535</b>	<b>173,647</b>

Non School Revenue Earmarked Reserves are forecast to fall from £94.77 million as at 31<sup>st</sup> March 2015, to £73.89 million as at 31<sup>st</sup> March 2016, a reduction of £20.89 million largely to support the capital expenditure in year and contract related payments for waste and broadband development in line with approved council strategy.

Each earmarked reserve has a set of commitments against it, which justifies the level of reserve required to mitigate risks and liabilities the Council faces. A detailed analysis of the reserves is shown in Annex 6 within the MTFS.

General Fund balances would reduce in the event of a revenue budget over spend in 2015/16. Balances currently equate to 4.72% of the 2015/16 net budget, i.e. within the target range of between 4% and 6% of the net budget. They were discussed at Audit and Governance Committee on 22<sup>nd</sup> January 2016, who supported the need for general reserves within this 4-6% range given the risks faced by the council.

It has been assumed that School Related Reserves and Capital Reserves will remain at the level of balances held at 31st March 2015.

17 In preparing the budget the following factors mitigate the risks in the budget:

- Account has been taken of current spending trends and where known, costs have been built into the 2016/17 budget.
- Budget risks have been considered in preparing the budget and taken into account, particularly funding constraints going forward.
- The level of reserves will continue to be closely monitored during the period of this MTFS, in the context of protecting the Council from existing and future liabilities.
- Balancing the Council's budget over this period of financial constraint requires a series of major changes. Whilst robust programme management plans have been put into place to deliver these savings, as evidenced by performance over the last three years, there is inevitably some residual risk. To reduce this risk it is proposed within the final budget to provide £1.59 million of contingency funding to mitigate against slippage in the delivery of the £32.3 million of savings built into the 2016/17 budget proposal.
- The highest risk areas continue to be demand led services, especially care for elderly and vulnerable people where demand is continually rising and children in care. However these risks have been mitigated where possible through additional investment.
- Provision has been made for pay awards, pension increases, the change in NI, the National Living Wage and contractual inflationary pressures.
- The council's cash balances, including reserves, held are invested and the interest received supports the Council's budget.

## **L Risk Management Strategy**

18 It has always been important for organisations to identify and manage their risks. Identifying risks enables the Council to effectively manage strategic decision making, service planning and delivery to safeguard the wellbeing of its stakeholders and increases the likelihood of achieving its outcomes. Taking into account the overall future strategic direction of the Council, its structure and its services, it is now deemed an appropriate time to refresh and reaffirm our Risk Management Policy Statement and Strategy, to ensure that the Council's risk and assurance framework continues to build on our existing successes, which reflect national good practice and standards. This should enable the Council to effectively manage the potential opportunities and threats, thus improving service delivery to our communities.

Annex 10 of the MTFS details the updated Risk Management Policy Statement and Strategy for 2016 – 2017, which aligns with the Council's Medium Term Financial Strategy (MTFS). The aims of this strategy are to support the challenges that the Council may face, allowing it to react dynamically to changing external circumstances by enabling the Council to handle risk effectively and deliver successful outcomes. This Strategy was presented to the Audit & Governance Committee on 22nd January and is now being presented to Council for approval and subsequent dissemination to members and managers via the Communications Team, to reaffirm GCCs risk management objectives.

## **M Public Sector Equality Duty**

19 A detailed Due Regard Statement has been produced for consideration by County Council as the decision-makers for the Council's budget.

The Due Regard Statement summarises the impact of the budget proposals on people with protected characteristics and how the impact will be mitigated. It also includes the evidence base used and the impact on the workforce.

## **N Conclusion**

20 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.

## RECOMMENDATIONS TO COUNCIL

- 1 That the Council Strategy 2016-2019 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 2016/17, council tax for each valuation band, and to issue precepts on each district collection fund as set out below:

a) Gloucestershire County Council 2016/17 Budget:

	<b>£000</b>	
<b>Original 2015/16 Budget</b>	<b>420,032</b>	
Inflation	8,470	
Cost and spending increases	21,760	
Cost Reductions	<u>-32,278</u>	
<b>Total</b>	<b>417,984</b>	
Less:		
Core Grant	118,244	
Public Health Grant	25,943	
NHS Funding	11,596	
New Homes Bonus	4,480	
Education Single Grant	3,592	
Education Statutory Responsibility Grant	1,275	
Other Non Ring Fenced Grants	2,138	
Collection Fund Surplus	5,006	
Total to be precepted (Council Tax Requirement)	245,710	
Split:		
Adult Social Care Levy (2%)	4,726	
All Other Council Tax (1.99%)	240,984	
	<b>Total</b>	
	<b>Precept</b>	
	<b>£</b>	
Cheltenham	40,395.30	45,808,712
Cotswold	38,418.10	43,566,546
Forest of Dean	27,655.50	31,361,640
Gloucester City	36,240.70	41,097,350
Stroud	42,148.48	47,796,838
Tewkesbury	31,814.95	36,078,502
Total		245,709,588

- b That approval is given to the Capital programme set out in Annex 8 of the MTFS, and delegated authority is given to the Strategic Finance Director to vary allocations between individual schemes in consultation with the Deputy Leader and Cabinet Member for Finance and Change.

3 That the Council approves:

- a) The adoption of the new MRP policy outline in Annex 9 of the MTFS for implementation from 2015/16.
- b) The Treasury Management Strategy set out in Annex 9 of the MTFS.

4 That approval is given to the Operational Boundary and Authorised Limits of borrowing, as set out in the Treasury Management Strategy, at Annex 9 in the MTFS as follows:

Operational Boundary for External Debt	2015/16	2016/17	2017/18	2018/19
	Approved	Estimate	Estimate	Estimate
	£m	£m	£m	£m
<b>Total</b>	<b>352.000</b>	<b>330.000</b>	<b>330.000</b>	<b>330.000</b>

- a) Noting that the authorised limit for 2016/17 will be the statutory limit determined under section 3 (1) of the Local Government Act 2003
- b) That the approval is given to the Prudential Indicators for Treasury Management set out in Annex 9 of the MTFS for
- (i) Upper limit of fixed interest rate exposure of £320 million of net outstanding principal sums
- (ii) Upper limit of variable rate exposure of zero of net outstanding principal sums
- (iii) the maturity structure of borrowings as set out in Annex 9
- (iv) the upper limit for principal sums invested for more than 364 days of £120 million

5. That Council approves the Schools Funding set out in section G and annex 4 in the MTFS.

6. That Council note and endorse the Cabinet response to the Scrutiny Task Group recommendations on the Recruitment and Retention of Social Workers as set out in annex 1.1 in the MTFS.
7. That Council delegate to the Strategic Finance Director the production of an efficiency statement within the DCLG deadline, in the event that this is beneficial to GCC financially, based on the approved MTFS, in consultation with the Cabinet member for Finance and Change.
8. That the Risk Management Strategy 2016-2017 is approved by Council.