

**MEDIUM TERM FINANCIAL PLAN
2018 - 2022**

(Council 15th February 2018)

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Foreword by Councillor Ian Stewart, Deputy Leader of the County Council and Cabinet Member for Finance

The financial landscape for local authorities has changed significantly since austerity measures began. As an example the Council's main revenue grant from central government in 2012 was £148m and in 2018/19 its just £41m; a cut of over £100m in cash terms. By 2020/21 we expect this grant to be reduced to zero.

Since 2011 the Council has agreed £249 million of savings between 1 April 2011 and 31 March 2019. A requirement for further savings of £52m for 2019-22 are set out later in this document.

Despite the reduction in core funding the County Council plans to spend over £800m of revenue funding on providing services to the residents of Cumbria in 2018/19. Some of our larger services include Schools and Learning, where we'll be spending £272m and a further £212m will be spent on Adult Social Care. Other services include waste disposal, where the planned spend is nearly £30m, and the Concessionary Bus Fares budget, which is larger than some District Council's total budget, at £9.5m.

The Council's Capital budget for 2018/19 is £135m of which over £70m will be spent on Highways and Integrated Transport Maintenance.

Against this backdrop of reduced funding from Central Government delivering a balanced budget for 2018/19 has once again been challenging. Councils up and down the country have been reshaping and prioritising to reflect reduced funding whilst responding to changing needs and increasing demands on essential services.

All told, the County Council will have £283 million less to spend each year on local services when compared with the start of the decade – equivalent to more than £1,673 for every household in Cumbria.

In this challenging context, Cumbria County Council remains committed to serving the people of Cumbria by embracing change and transforming the way we operate to make sure that we still provide high quality services in the most efficient way possible to those who need them the most.

However, we remain in uncertain times. As you know, setting your household budget requires an understanding and confidence in the income you are expecting to receive. This is no different for the Council. There are a number of Government consultations, some underway and some about to start, that could severely impact on our future finances. These include consultations on how government funding is allocated (the Fair Funding Formula) and how the move to 75% Business Rates Retention will work.

The Draft Grant Settlement from Government to Local Government this year (2018/19) continued to signal that going forward, government funding will continue to reduce and in simple terms, the core funding of a council will depend on its ability to raise its own finance rather than be directly related to need. In short, we are moving towards an era where local services will ultimately be financed from local funding. This presents challenges in a rural, sparsely populated county with a 'super ageing' population.

This document describes the Council's Medium Term Financial Planning assumptions against this backdrop. It sets out the Council's revenue and capital spending plans, alongside other areas of financial planning for the period 2018 - 2022.

To deliver the savings required over the period this plan covers, the Council will continue to look at the levels of service it currently provides, how some services are delivered and where changes can be made.

Despite the tough economic times which the Council continues to face, we want to keep our commitment to older and disabled people, vulnerable children and others who simply could not manage without the services and support which the Council provides.

The MTFP (2018-2022), the Council Plan (2018-2022) and the Workforce Plan together describe the priorities which the Council will pursue, the resources that will be available to achieve these, and the shape, culture and processes which the Council's workforce will adopt as it becomes fit for the future.

Shaping Our Financial Future

The County Council is committed to improving the lives of the people of Cumbria.

If we are to deliver on this commitment then the Council will need to do things differently over the next 4 years. This will mean making the most of new opportunities, working with local communities and residents, making the most of new technology and maximising the talent of our workforce.

The Council Plan describes the Council's vision and the outcomes we aspire to for the county and the overall approach we will take to make the changes we need to achieve those aspirations. The Council cannot achieve our aspirations for the people and places of Cumbria on our own so we are committed to working in partnership with other organisations and with communities to achieve the objectives we share.

Our vision for Cumbria County Council is...

A Council that works with residents, businesses, communities and other organisations to deliver the best services possible within the available resources.

The outcomes we want to achieve are:

People in Cumbria are Healthy and Safe

- Being healthy and safe is the foundation for wellbeing and pursuing aspirations. We want people to have access to the information and the tools to help keep themselves safe and as healthy as possible for as long as possible.
- We want our children, young people and vulnerable adults to be protected from harm and be given the support they need to achieve their ambitions.
- When people do need specialist or emergency help they should receive it. So, for example, when someone needs extra help at home, or to move to supported housing, or emergency help in case of flooding.

Places in Cumbria are Well-Connected and Thriving

- Connecting people and places is important to wellbeing and thriving communities. In the 21st century social and digital connections are as important as physical connections. Maintaining and improving our road and rail infrastructure and transport services is important to enabling people to access work, learning and business opportunities to fulfil their ambitions. Better digital connections via online and mobile channels across the county are needed now and will be even more vital in the future.
- Social connections between people in communities and between communities are maybe even more important today. As the demands on existing public services increase and budgets reduce, the ability of communities to design and deliver their own solutions on their own or jointly with organisations to

meet their own particular needs will be increasingly vital to creating thriving communities.

The Economy in Cumbria is Growing and Benefitting Everyone

- A growing and productive economy is important for the county to thrive; however, just as important is that everyone in Cumbria has the opportunities to benefit from economic growth. This means that good quality education and learning opportunities are open to all and people have access to the support they need to maximise their potential.
- It also means that everybody should have the opportunity to secure a good job and businesses across Cumbria can be successful. To achieve these things, the county needs to attract investment to create new and good quality business and employment opportunities, as well as new homes.

What is the Medium Term Financial Plan?

The Medium Term Financial Plan (MTFP) sets the framework for how the Council plans to use its financial resources to fund the activity to deliver on the Council's outcomes. The MTFP is a 'live' plan and is updated every year when the Council considers the annual budget for the following year. The MTFP covers a four year period 2018 – 2022. We prepare the MTFP by understanding our income and expenditure profiles and the investment required to deliver the Council's priorities. The Council is required to set a 'balanced budget' annually with financial resources identified to cover all expenditure and therefore savings may need to be identified to balance the budget.

The Medium Term Financial Plan is one of the key Council strategic planning documents. It is fully integrated with the Council Plan (which sets out our long term vision, priorities for the next four years and the steps we will take to achieve them) and Strategic Workforce Plan (which provides an organisation wide framework to develop the workforce to achieve the Council's priorities).



A Financially Sustainable Council

The key to achieving our vision and outcomes for everybody in Cumbria, meeting the budget challenges ahead and becoming financially sustainable is continuing to transform the Council. Customers will be at the heart of everything the Council does. The approach will focus on the following themes:

- Working Together – working with partner organisations and communities to achieve shared aspirations;

- Enterprise & Efficiency – exploring new ways to deliver services and maximise our resources;
- Digital Transformation – giving our customers choice and easy access to services online; and
- Prevention & Early Intervention – acting early to achieve better outcomes.

Value for Money

Improving value for money is at the heart of everything the Council does. The Council works hard to ensure that value for money is achieved in all its services; challenging services to make sure its costs compare well with others by identifying and challenging areas of high spend and regularly benchmarking costs with other local authorities.

Equality and Diversity

Equality is embedded throughout all of the Council's services. It is not an extra piece of work, but part of everything the Council does. Whenever a new service is created, reviewed or removed, an Equality Impact Assessment (EIA) is undertaken to ensure individuals are not discriminated against. An EIA helps to identify any potential discrimination or unfair treatment and puts measures in place to mitigate these.

Investing in Our Future

The Council’s financial plans have been prepared against a backdrop of uncertainty, continuing austerity in public finances and increasing pressures upon key local services.

The National Picture - Economy

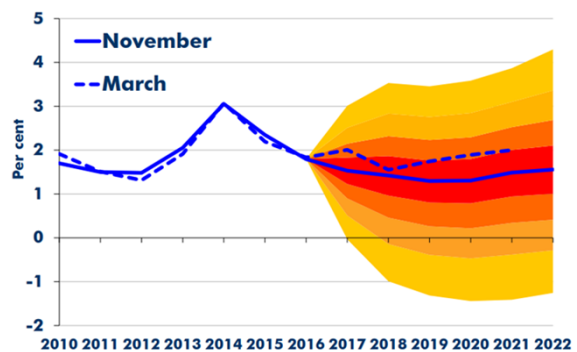
In the Chancellors first Autumn budget, on 22nd November 2017, Phillip Hammond set out his plans to deal with the three big issues facing the economy:

- Lower GDP growth than anticipated;
- Flat productivity; and
- Early Brexit consequences.

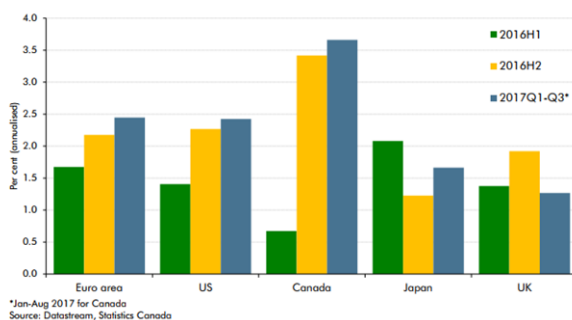
Whilst the economy is growing at around 1.5% of GDP it is well below the 2.5% trend projected in CSR 2015 and is forecast to remain broadly at its current level in the medium term.

The lower growth projections largely reflect the impact of the UK’s productivity and uncertainty caused by Brexit.

Change in GDP growth trend



UK growth now lagging



The UK is now lagging behind other economies such as the US, Canada, Japan and the Euro area. In response to this the Government launched the Industrial Strategy in November 2017 which sets out a long term plan to boost the productivity and earning power of people throughout the UK.

The Autumn Budget did not provide much detail about the impact of Brexit on the economy although £3bn was put aside for mitigations. Public Sector borrowing is expected to increase as the Chancellor pushed up public sector spending, on areas such as Brexit preparations (£3bn), and therefore slowed down the deficit reduction. The Chancellor is now expecting to remove the deficit by 2025 which will mean continued pressure on public sector spending in the medium term.

The National Picture – Local Government

On the 16th November 2016 the Council received confirmation from DCLG that its Efficiency Strategy, agreed by Cabinet on 20th October 2016, had been accepted and the Council was now formally on the Multiyear settlement in 2017/18, 2018/19 and 2019/20. The multiyear settlement is intended to give funding certainty for the following grants: Revenue Support Grant, Transitional Grant and Rural Services Delivery Grant.

The current MTFP includes the financial years 2018/19 to 2021/22, therefore the years 2020/21 and 2021/22 are not covered by the period of the multiyear settlement. The Council has made a number of assumptions for these two additional financial years:

- The continuation of the 50% Business Rates Retention System;
- No impact from the Fair Funding Formula; and
- Continuation of the Better Care Fund.

The current system of Business Rates results in 50% of rates being retained by Local Government and 50% by Central Government. The Provisional Local Government Finance Settlement (Dec 17) set out the Government's intention to move to 75% rates retention for Local Government from 2020/21. This will be through incorporating existing grants into business rate retention including Revenue Support Grant and the Public Health Grant. These changes will be considered in developing the next MTFP as more information becomes available on the financial impact.

At the same time the Provisional Local Government Finance Settlement was published on 19th December 2017 the Government published a consultation on the fair funding review, this aims to implement a new system based on its findings in 2020/21. The fair funding review will set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources. The MTFP will be updated in future years as more information becomes available.

The Local Picture

In February 2018 Council is being asked to agree a balanced budget for 2018/19. The impact of the national funding reductions has resulted in the Council having to identify savings of £214.8m between 2011/12-2017/18, and a further £69m of savings in 2018/19 - 2021/22, giving a total of £283.4m as identified in the chart below:

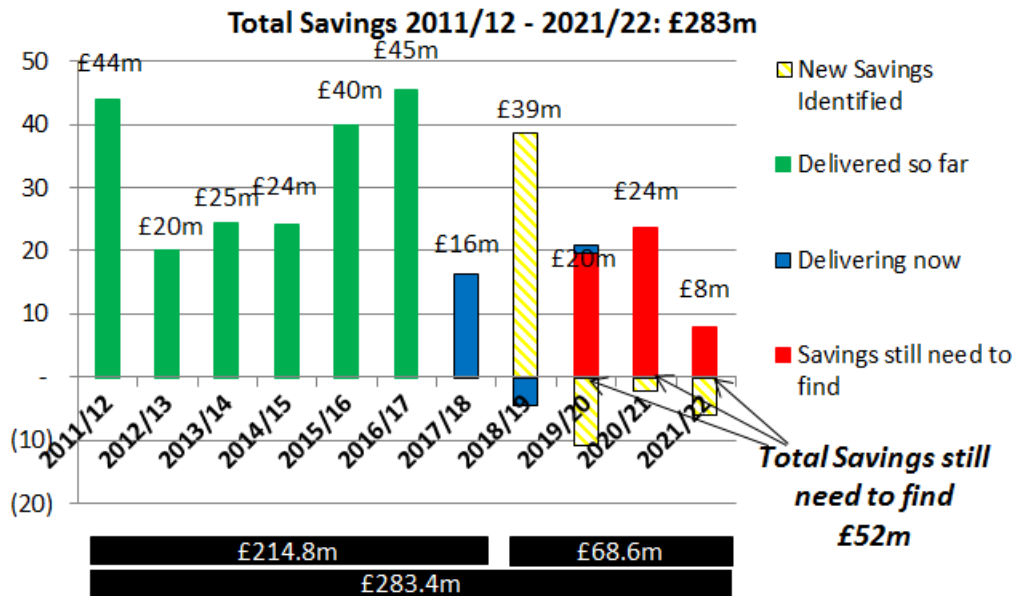


Chart 1 – Savings, 2011/12 to 2021/22

The key funding headlines from the Draft Local Government Finance Settlement and Grant Announcements that followed the Chancellor’s Autumn Budget are set out below:

- The draft settlement confirmed that plans for 100% Business Rates Retention to be implemented by 2020 would be put on hold, this is to be replaced by a new “updated and more responsive distribution methodology” which would allow Councils to retain 75% of Business Rates locally by 2020/21. This would result in existing grants, including RSG and Public Health Grant being incorporated into business rates retention scheme. The draft Settlement also included an announcement that the Business Rate baselines will be reset for 2020/21.
- A formal consultation on a review of relative needs and resources has been published with a deadline for submission of 12th March 2018. To be implemented from 2020/21
- The General Council Tax referendum threshold has been increased for 2018/19 and 2019/20 from 2% to 3%.
- The level of Rural Services Delivery Grant has been increased nationally for 2018/19 by £15m, this was an increase of £1.075m for the Council for 2018/19 compared to the original MTFP assumptions.

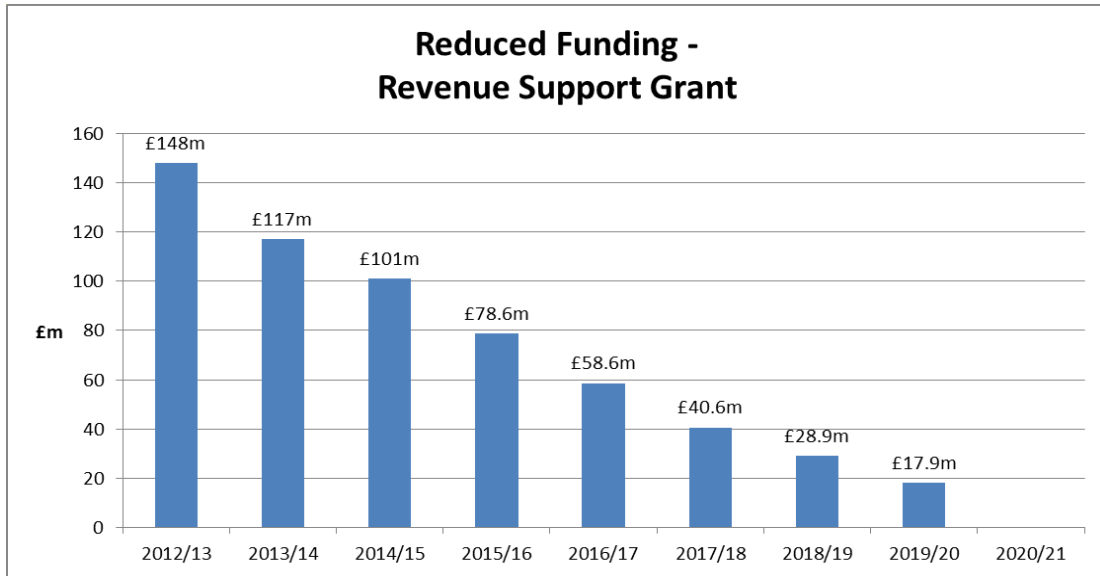


Chart 2 – RSG, 2012/13 to 2019/20

- Reductions to the Revenue Support Grant continue; Revenue Support Grant in 2012 was £148m and in 2018/19 the draft settlement is £28.943m; this is fully consistent with our existing MTFP projections.

What are the Council’s Revenue Spending Plans?

The Net Revenue Budget for 2018/19 is £370m. The Council is required to balance its budget, ensuring that expenditure is matched by its sources of finance. After taking account of general grants and the Council’s share of locally retained business rates, the Council Tax Requirement for 2018/19 is £225.305m. The chart below sets out the main funding sources and shows that as funding overall reduces, as a proportion of its total funding, the Council is increasingly more reliant on Council Tax and Business Rates.

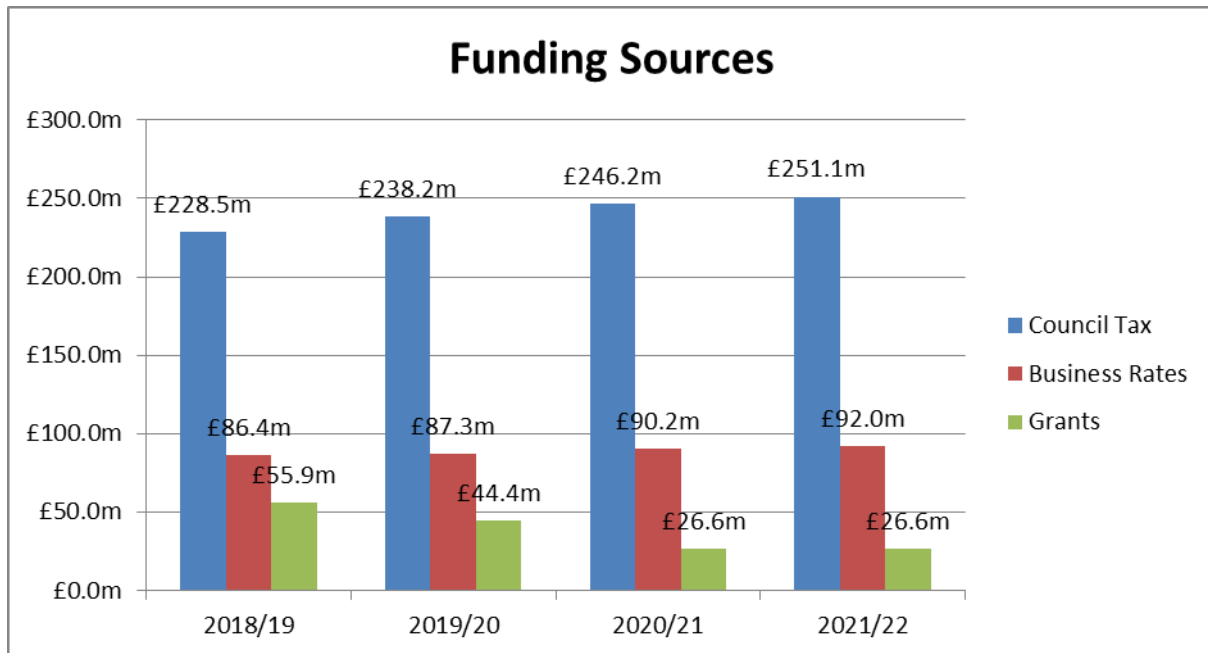


Chart 3 – Funding Sources

Financial forecasting of both Council Tax and Business Rates is increasingly important as government grants reduce. Both Council Tax and Business Rates are collected by District Councils and through joint working with the Districts we have improved the modelling of the likely income from these sources.

The Table overleaf summarises the Council’s revenue spending plans for 2018/19 and provisional spending plans for 2019/20, 2020/21 and 2021/22. It shows how budgets are allocated across the Council’s Directorates, as well as the sources of funding available to match our expenditure.

Table 1 – Budget Requirement & Council Tax

| REVENUE BUDGET SUMMARY | | | | | |
|-------------------------------|---|---------------------------|---------------------------|---------------------------|---------------------------|
| 2017/18 Budget £000 | | 2018/19 Budget £000 | 2019/20 Budget £000 | 2020/21 Budget £000 | 2021/22 Budget £000 |
| Directorate Budgets: | | | | | |
| 66,709 | Children and Families Services | 70,825 | 68,628 | 67,628 | 66,628 |
| 115,374 | Health, Care and Community Services | 119,585 | 120,712 | 125,957 | 125,899 |
| 119,068 | Economy & Highways Services | 124,261 | 123,719 | 123,707 | 123,803 |
| 16,792 | Fire Services | 16,829 | 16,829 | 16,739 | 16,709 |
| 25,937 | Resources & Transformation | 27,164 | 26,528 | 26,528 | 26,528 |
| 7,989 | Local Committees | 7,936 | 7,936 | 7,936 | 7,936 |
| (1,000) | Dividend from Cumbria Holdings Ltd | (1,000) | (1,000) | (1,000) | (1,000) |
| 16,945 | Other Items Charged Corporately | 10,588 | 13,438 | 13,438 | 13,438 |
| 367,814 | Service Expenditure | 376,188 | 376,790 | 380,933 | 379,941 |
| Corporate Budgets: | | | | | |
| 26,699 | Interest Payable, Investment Income & Minimum Revenue Provision for capital financing | 16,799 | 19,099 | 22,289 | 29,099 |
| (30,340) | Depreciation Charges to Services | (32,454) | (32,454) | (32,454) | (32,454) |
| 812 | Precepts paid | 827 | 827 | 827 | 827 |
| 15,156 | Inflation and Contingency 2017/18 | 13,988 | { 23,949 | { 33,512 | { 42,401 |
| | Inflation and Contingency 2018/19 | | | | |
| | Inflation and Contingency 2019/20 | | | | |
| 12,327 | Total Corporate Budgets | (840) | 11,421 | 24,174 | 39,873 |
| Savings to Identify: | | | | | |
| 0 | Savings to identify from 2018/19 | 0 | 0 | 0 | 0 |
| 0 | Savings to identify from 2019/20 | | (19,729) | (19,729) | (19,729) |
| 0 | Savings to identify from 2020/21 | | | (23,772) | (23,772) |
| 0 | Savings to identify from 2021/22 | | | | (8,029) |
| 0 | Total Savings to Identify | 0 | (19,729) | (43,501) | (51,530) |
| (4,973) | Contribution to/(from) Earmarked Reserves | (4,543) | 1,438 | 1,438 | 1,438 |
| 0 | Contribution to/(from) General Balances | 0 | 0 | 0 | 0 |
| 375,168 | NET BUDGET | 370,805 | 369,920 | 363,044 | 369,722 |
| Sources of Finance: | | | | | |
| (40,572) | Revenue Support Grant | (28,943) | (17,757) | 0 | 0 |
| (33,783) | General Grants | (26,914) | (26,640) | (26,640) | (26,640) |
| (17,498) | Retained Business Rates | (18,638) | (17,973) | (18,333) | (18,699) |
| (65,273) | Top-up Funding | (67,096) | (68,653) | (71,164) | (72,588) |
| (700) | Pooled Business Rates | (700) | (700) | (700) | (700) |
| (3,413) | (Surplus)/Deficit on Collection Fund | (3,209) | (500) | (500) | (500) |
| (161,239) | Total Sources of Finance | (145,500) | (132,223) | (117,337) | (119,127) |
| 213,929 | TOTAL COUNCIL TAX REQUIREMENT | 225,305 | 237,697 | 245,707 | 250,595 |
| 166,999 | Divide by Council Taxbase (revised as per Local Council Tax Support Schemes) | 169,131 | 171,580 | 173,901 | 173,901 |
| £1,281.02 | Council Tax per Band D Property | £1,332.13 | £1,385.34 | £1,412.92 | £1,441.02 |
| 1.99% | General Percentage Council Tax Increase | 1.99% | 1.99% | 1.99% | 1.99% |
| 2.00% | Additional precept for Adult Social Care | 2.00% | 2.00% | 0.00% | 0.00% |
| 3.99% | Percentage Council Tax Increase | 3.99% | 3.99% | 1.99% | 1.99% |

The net service expenditure has increased from 2017/18 to 2018/19 by £8.374m. This is largely due to allocation of inflation, increased capital charges and new service pressures which are offset by new savings. This is set out in table 1 below.

Table 2 – Change in Net Service Expenditure

| | £'000 |
|---|----------------|
| 2017/18 Budget Net Service Expenditure | 367,814 |
| Reduction in drawdown from earmarked reserves | (837) |
| Increases to capital charges (depreciation) | 2,114 |
| Reduction in expenditure due to reduction in General Grants | (344) |
| Increases due to allocation of inflation | 8,804 |
| Increased savings due to step ups from previous years | (2,052) |
| New savings | (15,622) |
| New pressures | 16,311 |
| Total Change from 2017/18 Budget | 8,374 |
| 2018/19 Budget Net Service Expenditure | 376,188 |

As set out in the previous table the Council’s Net service expenditure budget is £376m, the chart below summarises how this is allocated to services totalling £376m. The remainder of the spend relates to corporate budgets and contributions from reserves.

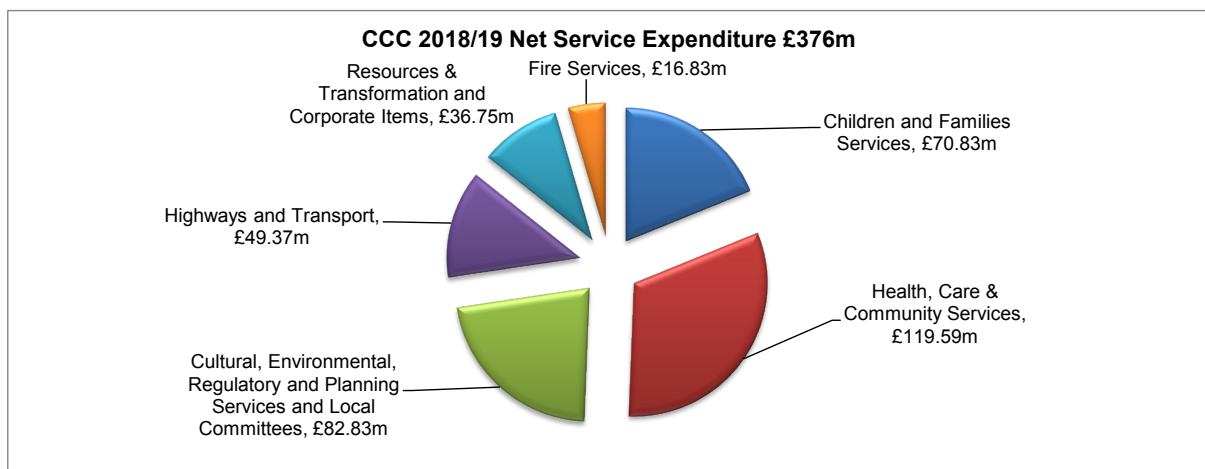


Chart 4 – Net Budget Expenditure on Cumbria County Council’s Services

The Council is required to set a ‘balanced budget’ annually with financial resources identified to cover all expenditure. The Council considers future years’ projections for its sources of finance and expenditure throughout the year. At the Council meeting in February 2018 a budget gap existed for the remaining three years of the 2018 - 2022 MTFP (2019/20, 2020/21 and 2021/22). Work will continue to identify future savings to ensure a balanced budget can be presented in these financial years.

During the year the Council updates its assumptions regarding its sources of finance when new information becomes available, particularly following the Chancellor's Autumn Budget and Draft Finance Settlement. The Council's budget gap reflects existing spending commitments from previous years. The following paragraphs outline the spending priorities and savings required to balance the budget in 2018/19.

Spending Pressures

A key cornerstone of our financial strategy is ensuring that spending is allocated to our priorities as identified in the Council Plan. Our future spending plans therefore need to reflect our Council Priorities, but also need to reflect changes in demand levels, more up to date information, demographic trends, changes in legislation and/or political changes.

Pressures

A number of additional pressures were identified for 2018/19, these are set out below:

- Looked After Children – an estimated £6m pressure has been identified for 2018/19 to reflect current expenditure and service activity;
- Externally Provided Workforce (EPW) – reliance on the EPWs is necessary to deliver essential services that are difficult to recruit to, this is particularly prevalent in social work. This is a national trend. Mitigating savings are being proposed to manage the pressure;
- Gainshare Solid Recoverable Fuel in waste contract – this additional cost is due to changes in the global economic market for the disposal of solid recovered fuel (a product of the Council's waste treatment facilities);
- Adult MTFP savings re-profiled - This reflects the extent of the challenge facing the Council in delivering existing savings. It is proposed to reprofile the delivery of existing MTFP savings over a longer period of time;
- Health and Care costs not funded from iBCF from 2020/21 – Funding for the Improved Better Care Fund was guaranteed to 2019/20, this pressure reflects the loss of this funding; and
- Transforming Care pressure relates to additional costs incurred by the Council following the impact of applying the recommendations post Winterbourne View of the national transforming care directive. Government initially stated that the implementation of this would be a zero cost to Local Government. Discussions with Health partners on how these costs will be apportioned and managed in the long term are continuing.
- Foster carer fees are to be given a 100% uplift. This is an invest to save proposal and will lead to savings on the purchasing budgets for Looked after Children.

Table 3 – Spending Pressures

| New Pressures | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m |
|---|---------------|----------------|---------------|---------------|
| Looked After Children - estimated impact of current number and settings FYE in 18/19 | 6.000 | 6.000 | 6.000 | 6.000 |
| Looked After Children - estimated impact of current number and settings FYE in 18/19 - legal services | 0.300 | 0.300 | 0.300 | 0.300 |
| Children's Externally Provided Workforce | 0.500 | 0.500 | 0.500 | 0.500 |
| Gainshare SRF in waste contract | 1.400 | 1.400 | 1.400 | 1.400 |
| Adult MTFP savings re-profiled | 3.244 | 0.612 | 0.064 | 0.000 |
| Other pressures - Match funding for Libraries, Culture and Arts | 0.250 | 0.250 | 0.250 | 0.250 |
| IBCF pressure not funded | 0.000 | 0.000 | 5.800 | 5.800 |
| Learning Disability - Transforming Care pressure | 3.460 | 3.460 | 3.460 | 3.460 |
| 100% uplift of Foster Carers Fees | 1.157 | 0 | 0 | 0 |
| Total Spending Pressures | 16.311 | 12.522 | 17.774 | 17.710 |
| <i>Increase/(Decrease) year on year</i> | | <i>(3.789)</i> | <i>5.252</i> | <i>64</i> |

Inflation & Contingency

The four year budgets include an increase for inflation to ensure that the costs of existing service delivery are built into the budget. Further impact of volatility in these assumptions is considered as part of the budget risk assessment and assessment of the adequacy of reserves considered later in this report. Table 5 below shows the assumptions for inflation that have been used in developing the 2018/19 – 2021/22 budgets:

Table 4 – Inflation assumptions 2018/19 – 2021/22

| | 2018/19 % | 2019/20 % | 2020/21 % | 2021/22 % |
|--|--------------|--------------|--------------|--------------|
| Pay Award (estimated) | 2.0 | 2.0 | 2.0 | 2.0 |
| CPI – September 2017 | 3.0 | n/a | n/a | n/a |
| CPI forecast (Office for Budget Responsibility Nov 17) | 2.4 | 1.9 | 2.0 | 2.0 |
| RPI forecast (Office for Budget Responsibility Nov 17) | 3.5 | 2.7 | 2.9 | 2.9 |
| Foster Carer Fees (from 2019/20) and Allowances (from 2018/19) - linked to CPI | 2.4 | 1.9 | 2.0 | 2.0 |
| Utilities | 5.0 | 5.0 | 5.0 | 5.0 |

General measures of inflation such as RPI and CPI have, on balance, been steadily rising since 2014. The Office for Budget Responsibility in Autumn 2017 forecast that these would continue to rise slowly to 3.5% for RPI for 2018/19, and then falling back to 2.9% by 2021 (2.4% for CPI for 2018/19, falling back to 2.0% by 2021).

There are a number of budgets such as electricity and gas that experience much more volatility in price changes than underlying inflation. The inflation assumptions for these costs are based on advice around underlying commodity prices and potential energy market reforms.

For 2018/19 it is proposed to fund an above inflationary increase (100% uplift) in the Foster Carer Fees for 2018/19. This is as part of an invest to save scheme that will ultimately result in reduced purchasing costs for Children Looked After. Allowances for 2018/19 will increase by CPI.

From 2019/20 onwards fees and allowances paid to Foster Carers are expected to be increased each year by the same rate as CPI.

Residential Care Independent sector rates - For 2018/19 commissioners are proposing to implement a new set of contracting arrangements to reflect changes in the law and best practice and to support the provider market to develop the increasingly complex residential and nursing care services required to meet the changing needs of the Cumbrian population. This will be considered by Cabinet in March. It is envisaged that these new contracting arrangements will operate as an Approved Provider list, and all current older adult residential and nursing providers will be invited to join the list.

It is envisaged that the following changes to the rates payable per week to independent residential care and nursing providers are implemented from 1st May. These new bandings follow a review of the current payment arrangements which has identified a new banding structure which more accurately reflects the costs to providers of providing increasingly complex care services. This will result in a new Dementia Nursing rate being introduced from 1st May 2018 as part of the Approved Provider list.

Table 5 – New Care Bandings

| NEW CARE BANDINGS | 2017-18 Fee Rates (excluding nursing costs) | Proposed new banding rate (May 18) | Increase | % increase |
|---|--|---|-----------------|-------------------|
| Residential | £478 | £500 | £22 | 4.60% |
| Physically Frail –Residential and nursing | £508 | £580 | £72 | 14.17% |
| residential dementia | £555 | £605 | £50 | 9.01% |
| Nursing dementia | n/a | £620 | n/a | n/a |

It is envisaged these rates will only be available to those providers who become part of the Approved Provider list. It is envisaged that Providers who elect not to become

part of the approved list will retain their existing (2017/18) residential prices and will not receive the updated fee rates linked to the new banding structure. The final restrictions on the application of the new bandings/rates will be determined as part of the commissioning exercise.

Where the Council does not contribute to the cost of care for people placed in the Independent sector (i.e. full fee payers) they will be charged the cost as referred to in Table 5 above or where a different need determines a separate individual cost that full cost will be charged.

For Cumbria Care residential costs it is proposed that an inflationary uplift is included for 2018/19. This will be the Sept 17 CPI rate of 3%. This would result in the following cost for the different bandings of care within Cumbria Care. Unlike the Independent Sector Cumbria Care do not provide nursing dementia care.

Table 6 – Cumbria Care Bandings

| Cumbria Care Bandings | Cumbria Care 2017/18 Rate | Proposed 2018/19 Rate | £ Increase |
|------------------------------|----------------------------------|------------------------------|-------------------|
| Residential Standard | £621 | £640 | £19 |
| Physically Frail | £659 | £679 | £20 |
| Residential Dementia | £722 | £744 | £22 |

The revenue contingency budget to deal with (one off) in-year pressures if/when they arise is £1.5m each year of the MTFP 2018-22.

Existing Savings

There are a number of changes in existing savings that have already been included in the MTFP. These result in a net reduction in savings of £4.261m for 2018/19.

The reason for the net reduction in savings is due to the fact that many of the savings in 2017/18 were included as one off savings in that year and hence do not continue into 2018/19. This includes the Interest and MRP savings, inflation savings and the use of Earmarked reserves.

Other savings do increase for 2018/19 and they are shown as the step ups in the table overleaf.

Table 7 – Existing MTFP Savings

| Directorate | Original Saving Description | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m |
|--|---|----------------|----------------|----------------|----------------|
| Reduction of Existing One Off Savings | | | | | |
| Interest and MRP | Extend the years over which the Minimum Revenue Provision (MRP) is accounted for from 2017/18 onwards. | (0.400) | (0.800) | (0.800) | (0.800) |
| Interest and MRP | Extend Minimum Revenue Provision (MRP) -in year 2016/17 | (4.000) | (4.000) | (4.000) | (4.000) |
| Earmarked Reserves | Reduction of usable earmarked revenue reserves | (2.000) | (2.000) | (2.000) | (2.000) |
| Corporately Charged | Additional saving due to reduced annual pension deficit payment | (0.150) | (0.300) | (0.300) | (0.300) |
| Earmarked Reserves | Saving from one off use of Earmarked Reserves | (0.135) | (0.135) | (0.135) | (0.135) |
| Interest and MRP | Treasury Management: Savings from Treasury Management budget on the basis that the Council continues with its internal borrowing policy which will be reviewed on an annual basis. | (1.000) | (1.000) | (1.000) | (1.000) |
| Inflation | Updated inflation indices - saving not taken | (1.400) | (1.400) | (1.400) | (1.400) |
| Health, Care and Community Services | Cumbria Care Older Adult Residential Reprovision - borrowing costs (£5m) | (0.225) | (0.225) | (0.225) | (0.225) |
| Step up in Existing Savings | | | | | |
| Inflation | Additional Inflation Savings £2m per annum (Cumulative is £4m) | 2.000 | 3.300 | 3.300 | 3.300 |
| Corporately Charged | Pension prepayment | 0.282 | 0.532 | 0.532 | 0.532 |
| Corporately Charged | Pension prepayment - change to original saving | 0.118 | 0.218 | 0.218 | 0.218 |
| Inflation | Reduction of Pension Pressure funded through inflation | 0.032 | 0.083 | 0.083 | 0.083 |
| Economy & Highways Services | Service Review - Contract & Technical and Property Teams: Reshaped service to deliver efficiencies through a streamlined structure. | 0.067 | 0.067 | 0.067 | 0.067 |
| Resources & Transformation | Supplies & Services Review: Reduction in expenditure on supplies and services (such as stationery, postage, travel, attendance at offsite meetings), commensurate with the reducing size of the Council and increased use of digital technologies. | 0.500 | 0.500 | 0.500 | 0.500 |
| Health, Care and Community Services | Extra Care Housing: By continuing to invest in Extra Care Housing, additional savings are possible in addition to those in the existing Medium Term Financial Plan. Council 19th February 2015 | 0.250 | 0.250 | 0.250 | 0.250 |
| Health, Care and Community Services | Service Review- Learning Disabilities: Savings proposed as an extension of the high cost package review, negotiating cost reductions from high-value residential placements, shifting investment from residential to home-based supported living; standardising / reducing expensive supported living packages and increasing direct payments or self directed support. | 1.000 | 1.000 | 1.000 | 1.000 |
| Health, Care and Community Services | Cumbria Care Older Adult Residential Reprovision | 0.800 | 0.800 | 0.800 | 0.800 |
| Total Changes in Existing Savings | | (4.261) | (3.110) | (3.110) | (3.110) |

New Savings

£38.829m of new savings have been identified in 2018/19.

Due to the fact that some of the Enterprise and Efficiency savings are for one or two years only the actual value of permanent new savings identified by 2021/22 is £20.141m in total. A summary is presented below:

Table 8 – Savings

| Theme | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m |
|-----------------------------------|---------------|---------------|---------------|---------------|
| Working Together | 0.512 | 0.499 | 0.493 | 0.487 |
| Prevention and Early Intervention | 1.277 | 1.592 | 1.592 | 1.592 |
| Digital Transformation | 0.342 | 1.278 | 1.278 | 1.278 |
| Enterprise & Efficiency | 36.698 | 24.735 | 22.660 | 16.784 |
| Total Savings | 38.829 | 28.104 | 26.023 | 20.141 |
| Change year on year | | (10.725) | (2.081) | (5.882) |

The savings are split across the 4 themes that are key to achieving the Council's vision and outcomes.

Working Together

There are new savings of £0.512m for 2018/19 which are set out below:

Table 9 – Working Together Savings

| Directorate | Saving | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m |
|-----------------------------------|--|---------------|---------------|---------------|---------------|
| Economy & Highways | Reduction in the payment of Recycling Credits to reflect forecast activity levels. | 0.120 | 0.120 | 0.120 | 0.120 |
| Health, Care & Community Services | Managing our commissioning and procurement approach to reduce contract management fees whilst maintaining service level for the Carers support contract. | 0.100 | 0.100 | 0.100 | 0.100 |
| Health, Care & Community Services | Reviewing purchasing policies for library stock to reflect the changing needs of users resulting in reduced spend on the 'Book fund' . . | 0.277 | 0.264 | 0.258 | 0.252 |
| Health, Care & Community Services | Removal of grants. | 0.015 | 0.015 | 0.015 | 0.015 |
| | Total Working Together Savings | 0.512 | 0.499 | 0.493 | 0.487 |

Prevention and Early Intervention Savings

There are new savings of £1.277m for 2018/19 which are set out overleaf:

Table 10 – Prevention & Early Intervention Savings

| Directorate | Saving | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m |
|-----------------------------------|--|---------------|---------------|---------------|---------------|
| Children & Families Services | Extension of the Homestay Scheme that supports young people who seek independent living rather than remaining in foster care or residential care resulting in reduced costs for placements and better outcomes for the child. | 0.165 | 0.165 | 0.165 | 0.165 |
| Children & Families Services | A review of how the Council supports financially, and in other ways, foster carers. This includes the introduction of specialist foster carers in recognition that the most cost efficient placement type for our children looked after is in CCC foster care. | 0.757 | 0.757 | 0.757 | 0.757 |
| Health, Care & Community Services | Stopping waste prevention grants. | 0.050 | 0.050 | 0.050 | 0.050 |
| Health, Care & Community Services | Review of delivery of public health prevention services to integrate these into the wider health and wellbeing system resulting in efficiencies from reducing overlap and more effective provision of services | 0.075 | 0.390 | 0.390 | 0.390 |
| Health, Care & Community Services | The Health checks budget has been reviewed to reflect the reduced demand. | 0.100 | 0.100 | 0.100 | 0.100 |
| Health, Care & Community Services | Rebase the personal budgets to carers to match expected need. | 0.130 | 0.130 | 0.130 | 0.130 |
| | Total Prevention & Early Intervention Savings | 1.277 | 1.592 | 1.592 | 1.592 |

Digital Transformation Savings

There are new savings of £0.342m for 2018/19 which are set out below:

Table 11 – Digital Transformation Savings

| Directorate | Saving | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m |
|----------------------------|--|---------------|---------------|---------------|---------------|
| Resources & Transformation | Savings through reduced costs from changes in the provision of the primary data centre and to the provision of end-user ICT equipment. | 0.100 | 0.185 | 0.185 | 0.185 |
| Resources & Transformation | Provision of a more streamlined approach to Information Governance and Records Management. | 0.050 | 0.050 | 0.050 | 0.050 |
| Resources & Transformation | A Customer service transformation programme that will deliver cost reductions and improvements in customer experience, an increase in digital approaches, including self-service, organisational redesign and a clearer, consistent customer service offering. | 0.172 | 0.343 | 0.343 | 0.343 |
| Resources & Transformation | The establishment of a streamlined on line Information and Guidance resource for Cumbrian residents and organisations with clear referral routes to local and national advice and guidance services. This reduces the demand on more expensive service centre and face to face contacts. | 0.020 | 0.700 | 0.700 | 0.700 |
| | Total Digital Transformation Savings | 0.342 | 1.278 | 1.278 | 1.278 |

Enterprise & Efficiency Savings

There are new savings of £36.698m for 2018/19 which are set out overleaf:

Table 12 – Enterprise & Efficiency Savings

| Directorate | Saving | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m |
|----------------------------|--|---------------|---------------|---------------|---------------|
| Resources & Transformation | Treasury management savings from continuing the Council's policy of utilising a level of internal borrowing to finance capital investment in year. | 1.500 | 0 | 0 | 0 |
| Resources & Transformation | Reduced overall inflation budget following updated inflation forecasts and review of costs to which inflation is applied. | 4.960 | 2.600 | 2.600 | 2.600 |
| Resources & Transformation | A programme of service reviews which will be planned on a rolling basis throughout the Council. | 2.000 | 2.000 | 2.000 | 2.000 |
| Resources & Transformation | Reduction in subscriptions paid by the Council. | 0.017 | 0.017 | 0.017 | 0.017 |
| Resources & Transformation | Updating the 2017/18 Minimum Revenue Provision policy to allow the Council to account for debt repayments on a consistent basis from 1 April 2009. This follows the changes approved in 2016/17. | 10.000 | 10.000 | 6.810 | 0.000 |
| Resources & Transformation | One off Transfer from Earmarked Reserves of MRP Saving from 2017/18. | 6.404 | 0 | 0 | 0 |

| Directorate | Saving | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m |
|------------------------------|--|---------------|---------------|---------------|---------------|
| Resources & Transformation | Review of fees and charges across all areas. Benchmarking information has been used to compare Cumbria's fees and charges with other comparable authorities and where appropriate new fees and charges have been proposed and where possible increases of 5% have been applied to fees and charges which is above inflation (2%) | 0.050 | 0 | 0 | 0 |
| Resources & Transformation | Reduction in the Residual Pension Costs budget as costs decline each year as the number of pensioners paid reduces. | 0.500 | 0.500 | 0.500 | 0.500 |
| Resources & Transformation | Transferring budgeted revenue ICT costs to the capital programme recognising the type of investment that is being made and the need to recognise the expenditure as capital | 0.300 | 0 | 0 | 0 |
| Resources & Transformation | Release of 2017/18 Business Rate Pool Volatility Earmarked Reserve following formation of the new Cumbria Business Rates Pool for 2018/19. | 0.346 | 0 | 0 | 0 |
| Children & Families Services | Invest in international recruitment of social workers to reduce the cost of agency staff in Children and Families services. | 0.500 | 0.550 | 0.550 | 0.550 |
| Children & Families Services | Working with partners to ensure appropriate funding of costs by relevant partners (e.g. Health) is recognised to ensure a joined up approach to service provision. | 1.500 | 1.500 | 1.500 | 1.500 |
| Children & Families Services | Review of commissioning, procurement and management of activities in Children and Families services. | 0.260 | 1.250 | 2.250 | 3.250 |
| Economy & Highways | Development of a proposal to create an integrated transport planning function within the County Council with responsibility for overseeing and performance managing all transport activity. | 0.200 | 0.900 | 0.900 | 0.900 |
| Economy & Highways | A new approach to dealing with waste from street sweepings that reduces costs to the Council. | 0.080 | 0.080 | 0.080 | 0.080 |
| Economy & Highways | The capital programme includes investment of £1.766m for each of the next three years (2018/19 - 2020/21) to upgrade street lights to include LED bulbs which results in reduced energy costs for the Council. | 0.109 | 0.122 | 0.134 | 0.038 |
| Economy & Highways | Full cost recovery for internal costs associated with property disposals. | 0.200 | 0.032 | 0.032 | 0.032 |
| Economy & Highways | Above inflation increases to align Traffic Regulation Fees and Charges for permits with other local authorities (see F&Cs appendix for detailed changes): | 0.050 | 0.050 | 0.050 | 0.050 |
| Resources & Transformation | One off saving from contract management | 3.000 | 0 | 0 | 0 |
| Fire & Rescue Service | Reduction in employer pensions costs reflecting forecast staffing levels. | 0.000 | 0.000 | 0.090 | 0.120 |

| Directorate | Saving | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m |
|-----------------------------------|---|---------------|---------------|---------------|---------------|
| Health, Care & Community Services | New Charge to cover administration costs for non residential full fee payers at £4.50p.w. | 0.079 | 0.079 | 0.079 | 0.079 |
| Health, Care & Community Services | Above inflationary increases to recover administration costs for deferred payments: Set up cost from £1,260 in 2017/18 to £1,500 in 2018/19 Annual cost £374 in 2017/18 to £400 in 2018/19 Termination of DPA £52 in 2017/18 to £75 in 2018/19 | 0.043 | 0.055 | 0.068 | 0.068 |
| Health, Care & Community Services | Working with partners to ensure appropriate funding of costs by relevant partners is recognised to ensure a joined up approach to service provision. | 3.400 | 3.800 | 3.800 | 3.800 |
| Health, Care & Community Services | Review of commissioning, procurement and management of activities in Health and Care. | 1.200 | 1.200 | 1.200 | 1.200 |
| | Total Enterprise & Efficiency Savings | 36.698 | 24.735 | 22.660 | 16.784 |

Precepts and Levies

Note the Council pays a number of precepts or levies to organisations. These relate to flood defence levies and a levy towards the Inshore Fisheries Authority.

Table 13 – Precepts paid

| Precepting Body | 2018/19 (£m) |
|---|--------------|
| Environment Agency | 0.311 |
| North West Inshore Fisheries Conservation Authority | 0.516 |
| Total Precepts Paid | 0.827 |

Gross Budget

The difference between the Council's net budget and the Council's gross budget is that the Gross Budget includes spend financed from specific grants such as the Dedicated Schools Grant (DSG), spend financed from fees and charges and spend financed from other sources of external income. Hence the Gross Budget is a more detailed presentation of the total spend of the Council. The table overleaf shows the Gross Service Expenditure Budget across the Council for 2018/19:

Table 14 – 2018/19 Gross Budget

| £'000 | Gross Budget 2018/19 | Other Grant Income | Fees & Charges | Other External Income | Internal Income | Net Budget 2018/19 |
|-------------------------------------|----------------------|--------------------|-----------------|-----------------------|-----------------|--------------------|
| Children and Families Services | 345,349 | (271,305) | (53) | (2,502) | (664) | 70,825 |
| Health, Care and Community Services | 243,956 | (36,435) | (36,365) | (51,570) | 0 | 119,585 |
| Economy & Highways Services | 144,864 | (2,748) | (4,436) | (5,232) | (8,188) | 124,261 |
| Fire Services | 17,231 | 0 | (6) | (396) | 0 | 16,829 |
| Resources & Transformation | 36,500 | (3,211) | (1,743) | (2,517) | (1,865) | 27,164 |
| Local Committees | 7,936 | 0 | 0 | 0 | 0 | 7,936 |
| Dividend from Cumbria Holdings Ltd | 0 | 0 | 0 | (1,000) | 0 | (1,000) |
| Other Items Charged Corporately | 11,261 | (673) | 0 | 0 | 0 | 10,588 |
| Service Expenditure | 807,097 | (314,372) | (42,603) | (63,218) | (10,717) | 376,188 |

The table above shows that the Council's gross service expenditure for 2018/19 is £807.097m; this includes DSG spend for schools. Each of the key elements taking the Council's gross service expenditure of £807.097m to its Net Service Expenditure Budget of £376.188m is explained below.

Specific Grants

In 2018/19 the Council has budgeted to receive £314.372m in specific grants; these are grants paid to local authorities that are 'ring fenced', meaning they can only be spent according to the terms and conditions of the grant, and therefore not be used to support general expenditure. One off specific grants are sometimes received in year or for specific government focused activities. They are automatically incorporated into the Directorate Gross expenditure position and monitored as part of the usual budget monitoring processes. A summary of the main specific grants is set below:

Table 15 – Specific Grants Summary

| Detail | £'000 |
|------------------------------------|----------------|
| Schools | |
| Dedicated Schools Grant | 249,093 |
| Sixth Form Grant | 5,946 |
| Pupil Premium Grant | 11,830 |
| Universal Infant Free School Meals | 4,917 |
| Primary PE and Sports Premium | 2,110 |
| Total Schools | 273,896 |

| | |
|--|----------------|
| Non Schools | |
| Public Health Grant | 18,400 |
| Skills Funding Agency | 2,260 |
| Youth Offending Grant & Domestic Violence Grants | 755 |
| IBCF Grant | 16,630 |
| Various | 2,431 |
| Total Non Schools | 40,476 |
| Total | 314,372 |

The most significant specific grant is the Dedicated Schools Grant (DSG); this is used to fund Schools expenditure. The 2018/19 provisional Schools' Funding Settlement was announced on 19th December 2017, which gave a figure for DSG of £350.712m for Cumbria for 2018/19. Of this £249.093m is estimated to be for CCC schools with £101.619m for Academies (based on school pupil numbers at October 2017).

Table 16 – Dedicated Schools Grant Settlement

| | Schools Block | High Needs Block | Central Schools Services Block | Early Years Block | Total DSG 2018/19 | Total DSG 2017/18 |
|--|----------------|------------------|--------------------------------|-------------------|-------------------|-------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Total DSG | 280,117 | 38,661 | 4,952 | 26,982 | 350,712 | 341,725 |
| Less Transfer to Academies / Other providers | (101,619) | 0 | 0 | 0 | (101,619) | (98,900) |
| DSG Allocation to CCC | 178,497 | 38,661 | 4,952 | 26,982 | 249,093 | 242,825 |

Following the return of Public Health to local authorities in 2013, the Council became responsible for achieving a series of Public Health outcomes and has budgeted to receive a grant specifically for its Public Health responsibilities totalling £18.400m in 2018/19, this has been confirmed. The settlement confirmed that the Public Health Grant will continue as a specific grant until 31 March 2020, but after that the Government has indicated public health funding may be included in the Business Rates Retention Scheme.

Fees and Charges

Each year Council agrees the fees and charges that will be levied over the coming financial year. This is in the form of a Fees and Charges Schedule. This is available as part of the February Council Budget Report and available on the Council's website at www.cumbria.gov.uk/ourfuture/

Where fees and charges are set by statutory bodies the relevant inflation factors have been applied. In some cases the statutory increases have yet to be confirmed, when they are, the Fees and Charges schedule will be updated.

Discretionary fees and charges

The discretionary fees and charges have been reviewed in line with the Fees and Charges Policy to ensure the individual fees and charges 'recover operating or full costs'; as per the policy. As a result of this review there are a number of individual fees and charges with above inflationary increases, these are detailed in the Fees and Charges Appendix.

A number of new fees and charges have been introduced:

There is one new charge in the Health, Care & Communities Directorate with an introduction of an Arrangement fee for non-residential full fee payers.

There are 13 new fees and charges in the Registration service that reflects the costs of the service and meet current working practices; these are set out in the Fees and Charges Appendix.

There are 19 discretionary fees and charges with no increase from 2017/18; these include all the Windermere Ferry charges.

Fees and Charges Summary

The Council has budgeted to receive £42.603m in fees and charges in 2018/19; this is a reduction of £0.801m compared to the previous year. The reduction predominantly relates to lower Residential and Nursing Care Fees and Charges. The number and value of fee payers is reducing resulting in reduced income levels despite increases in charges.

The table below summarises the budgeted income levels for the main fees and charges.

Table 17 – Fees and Charges Summary

| | 2017/18 £'000 | 2018/19 £'000 |
|---------------------------------|--------------------------|--------------------------|
| Residential and Nursing Care | 28,633 | 26,709 |
| Non Residential Care | 6,709 | 7,467 |
| Educational Support Services | 1,560 | 1,638 |
| Charges to Utility companies | 1,584 | 1,584 |
| Cumbria Registration Service | 1,480 | 1,480 |
| Windermere Ferry | 603 | 603 |
| Highways Development Management | 421 | 442 |
| Highways - Charges for permits | 383 | 422 |
| Other Fees and Charges | 2,035 | 2,258 |
| | 43,408 | 42,603 |

External Income

The table below highlights the main sources of external income received by the Council:

Table 18 – External Income Summary

| Detail | £'000 |
|--|---------------|
| Better Care Fund | 37,186 |
| Port of Workington Commercial Income | 1,881 |
| NHS contributions to CCC commissioned packages | 13,062 |
| Cumbria County Holdings Dividend (100% owned company) | 1,000 |
| Partner contributions to Active Cumbria | 661 |
| Services provided by Children's Services | 620 |
| Student fees for course provision – Community Learning | 527 |
| Other | 8,281 |
| Total | 63,218 |

Better Care Fund

The Better Care Fund (BCF) is a programme spanning both the NHS and local government which seeks to join-up health and care services, so that people can manage their own health and wellbeing, and live independently in their communities for as long as possible.

The BCF represents a unique collaboration between NHS England, the Ministry of Housing, Communities and Local Government (MHCLG), Department of Health and Social Care (DHSC) and the Local Government Association.

NHS England, the DHSC and MHCLG published the Integration and BCF planning requirements for 2017-19 in July 2017, which sets out the detailed requirements for plans based on the 2017-19 Integration and BCF policy framework. The planning requirements were accompanied by the minimum allocations for the BCF from Clinical Commissioning Groups for 2017/19. This set out the allocations for 2018/19, NHS England is required to ring-fence £3.650 billion nationally within its overall allocation to Clinical Commissioning Groups to establish the Better Care Fund. In addition there will be an allocation for 2018/19 in respect of the Disabled Facilities Grant, £431 million in 2017/18, which is paid directly from the Government to local authorities (principally District Councils). The allocation for Cumbria in 2017/18 was £5.371m.

Of the £3.650 billion Better Care Fund allocation to Clinical Commissioning Groups, £1.037 billion of that allocation is ring-fenced for NHS out of hospital commissioned services.

NHS England and the Government have allocated the Better Care Fund to local areas based on a framework agreed with Ministers, the allocation to NHS Cumbria for 2018/19 is £37.186 million.

The 2015 Spending Review announced that £1.5bn would be added to the ring-fenced Better Care Fund (BCF) progressively from 2017/18 reaching £1.5bn in 2019/20. The Spring 2017 Budget then made an announcement that an additional £2 billion would be provided to councils in England to spend on adult social care services over the 3 years from 2017/18 to 2019/20. The new total allocations for the Improved Better Care Fund are £1.499 billion for 2018/19 and £1.837 billion for 2019/20. The Council's share of this is £16.630m for 2018/19 and £20.710m for 2019/20. This is presented as a specific grant in Table 15.

Cumbria County Council's total allocation for 2018/19 is assumed to be £25.106m million of Better Care Fund in addition to £16.630m from the Improved Better Care Fund.

As with the levels of grant allocations in the four year local government finance settlement, the Better Care Fund allocations are only guaranteed until 2019/20. For planning purposes it is assumed that the BCF or an equivalent will continue into 2020/21. This is due to the considerable level of funding that is involved in the BCF and any reduction in future years funding would have a significant impact on the Council's ability to provide social care services.

Internal Income

Similar with most large complex organisations local authorities have 'internal recharges'; where the Council would recharge a cost to another service budget (or a capital budget, recognising that costs are not always managed in the same place as income is received) and the income would be received by the charging directorate. In recent years the Council has removed cumbersome recharging practices so that all that remains is necessary recharging for accounting or practicality reasons. The main areas of internal recharges are set out below:

Table 19 – Internal Income Summary

| | £'000 |
|------------------------------|---------------|
| Highways | 5,302 |
| Services to schools | 1,410 |
| Charges to capital programme | 2,839 |
| Other | 1,166 |
| Total | 10,717 |

What are the Council's Capital Spending Plans?

The Capital Programme

The updated Capital programme for 2018/19 and beyond includes additional investment plans to further achieve the Council's priorities. This brings the total capital investment over the next three years to £244.223m.

The Capital Programme sets out the Council's investment plans over the next 3 years to achieve the Council's priorities. The following table shows the new schemes included within the Capital programme by Council in February 2018.

The development of the Capital Programme is an incremental process throughout the year. This allows schemes to be approved on a quarterly basis as individual business cases are approved by Cabinet for recommendation to Council for inclusion in the Capital Programme.

Table 20 – New Capital Schemes 2018 - 2021

| New Scheme | Scheme Total 2018-2021 £m | Summary of Scheme |
|---|----------------------------------|--|
| North Carlisle Primary School – feasibility study | 0.100 | This is for feasibility study work funded from S106 already received by the Council from developers. This work is to ensure feasibility work is completed in time to meet developer building programmes. |
| Whitehaven Primary School – feasibility study | 0.100 | This is for feasibility study work funded from S106 already received by the Council from developers. This work is to ensure feasibility work is completed in time to meet developer building programmes. |
| Alternative Provision | 1.832 | An additional SEND capital grant funding has been made available at £0.166m per annum. This plus some prudential borrowing will fund pilot schemes in respect of Alternative Provision. |
| Queen Katherine / Sandgate Schools (SEN) | 0.500 | Increase in cost of existing scheme following the return of tenders |
| Schools' Capital Maintenance | 9.500 | This is required due to the significant and increasing backlog maintenance issues in order to deliver the priority 1 maintenance (safe, wind and watertight) work that is required. |
| Whitehaven Library | 0.900 | This is additional funding towards the creation of a Community Service Hub at the Archive Centre and the release of the Daniel Hay Library site for redevelopment. An additional £0.900m is being requested towards the scheme funded from £0.300m additional capital receipts from the sale of approved branch libraries and £0.600m from prudential borrowing funded from revenue savings. |
| Street Lighting | 5.298 | This project is to convert the remaining 20,000 street lights to LED technology and is an invest to save project funded from prudential borrowing. |

| New Scheme | Scheme Total 2018-2021 £m | Summary of Scheme |
|--|---------------------------|--|
| BAE junction Highways Improvements | 1.031 | In order to mitigate the effects of BAE's proposed development, a range of improvements to the highway network have been agreed through a s278 agreement with BAE Systems. The most significant of these improvements is signalisation of A590 North Road / Bridge Road / Jubilee Bridge junction. The package of highway improvements will be delivered by CCC on behalf of BAE. |
| Bransty Row / North Shore Rd Whitehaven | 2.499 | This is a bid grant for the National Productivity Funding which has been confirmed to be approved and aims to provide network improvement around Bransty Row and North Shore Road in Whitehaven. |
| Highways Incentive Fund – Strategic Asset Maintenance Fund | 6.807 | Strategic Asset Maintenance Fund – This is funding for strategic asset maintenance projects that will be funded from the difference between Band 2 and Band 3 of the Highways Transport Incentive Fund. This will cover schemes such as Jubilee Bridge and Kendal Bypass when there are sufficient funds available. The scheme is dependent upon the Council achieving Band 3 status in 2018/19 – 2020/21. |
| ICT Investment | 0.300 | This is for identifiable capital costs that are presently approved and budgeted to be spent through the revenue budget. |
| Total for New Schemes | 28.867 | |

Potential schemes

The Council has a number of potential capital schemes that it is developing. As business cases are finalised and if they are approved by Cabinet throughout 2018/19 they will be recommended to Council for inclusion in the Council's capital programme. These are listed below:

- a) Carlisle Southern Link Road
- b) Highways Depot and Fleet Reviews
- c) Extra Care Housing
- d) Modernising Cumbria Care
- e) Better Places for Work Kendal

These potential schemes would require the financing to be agreed as part of the decision making process. In the absence of a specific grant or additional capital receipts, additional funding from Prudential Borrowing would be required and approved by Council through updated Prudential Indicators.

Appendix 1 details the overall £246.729m capital programme for the Council from 2018/19 – 2020/21. In addition the overall capital programme includes £2.506m of Accountable Body capital schemes.

The chart below provides a summary view by type of investment.

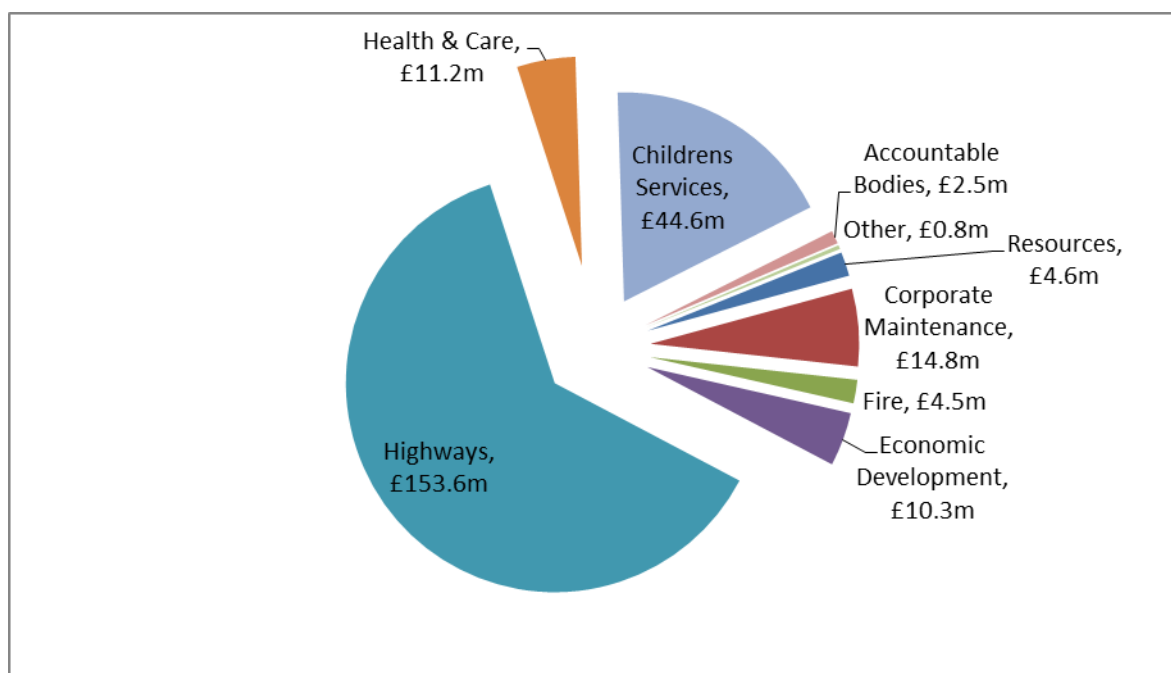


Chart 5 – Overview of the Capital Programme

Capital Funding

The programme is financed from an assortment of external funding, Government grants, borrowing and capital receipts from sales of our assets. Target levels of borrowing are affordable and consistent with our revenue budget forecasts.

The capital programme depends, in part, on the funding generated from capital receipts. These receipts are realised from the disposal of Council land and buildings that are surplus to the Council’s requirements.

The programme estimates that £2.500m of capital receipts will be generated in 2018/19 and will be utilised as part of the Government’s capitalisation flexibility. This allows costs incurred to achieve revenue savings, to be capitalised and funded from additional capital receipts.

Table 21 – Capital Receipts 2018 - 2021

| | General capital receipts for capital programme £m | Capital receipts (capitalisation flexibility) £m |
|--------------|--|---|
| 2017/18 | 2.000 | 2.000 |
| 2018/19 | 0 | 2.500 |
| 2019/20 | 0.750 | 0 |
| 2020/21 | 0.500 | 0 |
| TOTAL | 3.250 | 4.500 |

In many areas, particularly schools' spending, the future years' funding is provisional and subject to further potential changes before confirmation.

There are limited resources available within the capital financing plans for the potential schemes under development. For schemes of a significant size, it may be necessary to reassess the level of Prudential Borrowing required.

What are the Council's Prudential Indicators?

Prudential Code

The Local Government Act 2003 includes the requirement that Local Authorities have regard to the Prudential Code (the Code). The Code requires the Council to assess its capital investment plans and ensure they are affordable, prudent and sustainable. This must be substantiated by the production of a range of prudential indicators, which cover capital investment and treasury management plans for the forthcoming three years.

The key objective of the Prudential Code is to provide a framework for local authority capital finance to ensure that:

- capital expenditure plans are affordable;
- all external borrowing and other long term liabilities are within prudent and sustainable levels; and
- treasury management decisions are taken in accordance with professional good practice.

The Prudential Code specifies a range of indicators that must be used, and other factors that must be taken into account. They should be evaluated as a coherent entity, because changes in any one indicator often impact on others. They must also be considered in conjunction with other annual strategic financial plans, such as the annual revenue and capital budgets. The effects that any alternative options in these budgets might have on the indicators must also be considered before approval is given to the final financial strategic plan.

This system of capital finance allows the Council to have much greater flexibility and freedom over its borrowing. However it does not provide additional central government support for the cost of borrowing. Consequently, the cost of additional capital expenditure has to be met from revenue and has to be affordable and sustainable in the long term.

To demonstrate that the Council has fulfilled these objectives, the following sections set out the Prudential Code indicators that must be set and agreed by full Council. Full Council must also agree any future changes to these indicators.

Compliance with the Prudential Code

The Council has established procedures to monitor all forward looking prudential indicators and has developed a measurement and reporting process that highlights significant deviations from expectations.

In considering the capital programme, the Code requires the Council to have regard to:

- **Affordability** – the implications of capital investment decisions on future Council Tax;

- **Prudence and sustainability** – the implications for external borrowing;
- **Value for money** and options appraisal;
- **Stewardship of Council assets** (asset management planning);
- **Service objectives** – strategic planning;
- **Practicality** – the achievability of the forward plan.

Affordability

To assess the affordability of prudential borrowing, we review 4 key elements:

- The estimates of capital expenditure as part of the Capital Spending Plans.
- The level of the Council's capital financing requirement, which demonstrates our underlying need to borrow to fund the capital spending plans.
- The estimated ratio of financing costs (debt charges, interest payments and interest received) to the Council's net revenue stream for current and future spending plans.
- The movement in Council Tax as a result of our capital spending plans.

Table 22 – Prudential Indicators

| PRUDENTIAL INDICATORS - Affordability | | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|--|---|---|-------------|------------|------------|----------|
| | | Actual | Q2 Estimate | Estimate | Estimate | Estimate |
| | | £m | £m | £m | £m | £m |
| 1 | Estimates of proposed capital expenditure | 126.531 | 158.235 | 135.135 | 72.540 | 36.548 |
| | Estimates of proposed capital expenditure funded by prudential borrowing | 23.591 | 25.793 | 23.253 | 12.732 | 3.766 |
| | | The actual capital spend for 2016/17, forecast spend for 2017/18 and current estimates of capital expenditure for the three forward years to 2020/21. | | | | |
| 2 | Capital Financing requirement (CFR) excluding PFI & other long term liabilities– the borrowing need | 383.49 | 408.86 | 430.79 | 441.71 | 440.12 |
| | Capital Financing requirement (CFR) including PFI & other long term liabilities– the borrowing need | 500.64 | 525.49 | 546.78 | 555.86 | 551.99 |
| | The Capital financing requirement indicator is a measure of the Council's underlying need to borrow for a capital purposes. | | | | | |
| 3 | Ratio of Finance costs to Net Revenue Stream exclusive of PFI | 5.37 | 3.65 | 4.54 | 5.16 | 6.14 |
| | Ratio of Finance costs to Net Revenue Stream Inclusive of PFI | 9.34 | 7.70 | 8.65 | 9.35 | 10.38 |
| | This indicator shows the proportion of income received from grant and Council Tax that is spent on paying for the consequences of borrowing to fund capital borrowings. | | | | | |
| PRUDENTIAL INDICATORS - Prudence | | | | | | |
| 4 | Authorised limit for external debt | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
| | | £m | Revised | Proposed | Proposed | Proposed |
| | | | £m | £m | £m | £m |
| | Borrowing | 425 | 451 | 473 | 484 | 482 |
| | Other Long term Liabilities | 135 | 135 | 135 | 135 | 135 |
| Total | 561 | 586 | 608 | 619 | 617 | |
| The Authorised Limit and Operational Boundary are the monitoring tools against which the actual external borrowing of the Council will be managed. They are based on a prudent but not worst case scenario and include an allowance for unusual or unexpected cash flow movements but not catastrophic events. | | | | | | |
| 5 | Operational Boundary for external debt | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
| | | £m | Revised | Proposed | Proposed | Proposed |
| | | | £m | £m | £m | £m |
| | Borrowing | 400 | 426 | 448 | 459 | 457 |
| | Other Long term Liabilities | 125 | 125 | 125 | 125 | 125 |
| Total | 526 | 551 | 573 | 584 | 582 | |
| The Council is also requested to approve the Operational Boundaries for External Borrowing for the next three years as shown. This boundary is lower than the Authorised limit because it excludes the impact of unusual or unexpected cash flows. | | | | | | |

| | | | | | | |
|---|----------------------------------|---------------|--------------------------|---------------------------|---------------------------|---------------------------|
| 6 | Upper Limit on Net Sums Borrowed | 2016/17 £m | 2017/18 Revised £m | 2018/19 Proposed £m | 2019/20 Proposed £m | 2020/21 Proposed £m |
| | Fixed interest rates | 400 | 426 | 448 | 459 | 457 |
| | Variable interest rates | 100 | 100 | 100 | 100 | 100 |

| | | |
|---|---|---|
| 7 | Upper limit for total principal sums invested for over 1 year (per maturity date) | Lower of £20m or 20% of the portfolio at any time during the financial year |
| The purpose of this indicator is to ensure that the Council has protected itself against the risk of loss arising from the need to seek early redemption of principal sums invested. Only core cash will be invested for periods greater than 1 year. | | |

| | | | | |
|---|---|-----------------|-------|--------------------|
| 8 | Maturity Structure of fixed interest rate borrowing 2018/19 | Upper | Lower | Actual 31/03/18 |
| | | Under 12 months | 30% | 0% |
| | 12 months to 2 years | 40% | 0% | 5.7% |
| | 2 years to 5 years | 40% | 0% | 4.8% |
| | 5 years to 10 years | 40% | 0% | 18.0% |
| | 10 years and above | 100% | 30% | 68.6% |
| The maturity of borrowing is determined by the earliest date on which the lender can require payment. The indicator is designed to exercise control over the Council having large concentrations of fixed rate debt needing to be replaced at any one time. | | | | |

Minimum Revenue Provision

The Minimum Revenue Provision (MRP) is the charge made to the revenue account to reflect the repayment of borrowing over the useful life of the assets that have been funded from that borrowing. The Council implemented the MRP guidance in 2007/08, and has since assessed the MRP in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

The MRP Policy has been revised in 2017/18 and those changes are maintained for 2018/19. The Council is satisfied that the guidelines for the annual amount of MRP set out within this Policy Statement (set out below) will result in their making the requisite prudent provision that is required by the guidance.

2018/19 MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the Capital Financing Requirement (CFR)) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

CLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

- **In the case of capital spend incurred before 1 April 2008 and spend financed by “supported” borrowing in all the following years;** from 1 April 2009 this will be charged on a 2% straight line basis, net of ‘Adjustment A’. This ensures that the debt will be repaid within 50 years. *Previously, the Council charged MRP in line with former DCLG Option 1. This option provided for an approximate 4% reduction in the supported borrowing need (CFR) each year.*
- **In the case of all capital spend financed by Prudential Borrowing;** this will be subject to MRP under *option 3: Asset life method – equal instalments charged over the estimated life of the asset.* MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction).
- Repayments included in annual **PFI or finance leases** are applied as MRP.

Estimated life periods will be determined under delegated powers in accordance with the Council’s Accounting Policy on depreciation of assets. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

How will the Council Manage Financial Risk?

Financial Risk Management

Over the medium term the Council faces continuing financial pressures and has refocused its priorities, and built challenging savings targets into the spending plans for 2018 to 2022. The Council carefully identifies the things that could go wrong and might undermine the medium term financial plan.

To do this, an assessment is made of what the impact would be if these things happen and how likely they are to happen. The Council ensures that it has plans in place in case things do not turn out as expected. This is part of the Council's risk management strategy, which underpins all that the Council does, not just our financial plans.

The significant financial risks are identified where relevant, on the Council's strategic risk register. They have all been assessed as part of the strategic planning process. These risks are being actively managed and the estimated financial implications have been built into this Medium Term Financial Plan.

Some of the strategic risks have been assessed as particularly uncertain with a potentially significant financial impact. Reserves have been established for these risks.

Table 21 identifies the key risks to the delivery of the MTFP, the actions taken (within this financial plan) and the actions proposed to reduce the impact of these risks on the Council's future financial position.

Table 23 – General Fund Balance Risks

| Title | Value | Risk to the Delivery of the MTFP | Mitigation of Risk |
|---|-------|--|---|
| Delivery of Savings | 3.000 | The Council may have insufficient funds to achieve its priorities if savings aren't fully realised. | The achievement of the savings identified in the MTFP is imperative and is monitored every month as part of the performance monitoring process. |
| Demand for Services | 3.880 | Risk that the demand for services could increase further than estimated and that the volatile demand led budgets are not rigorously managed. | Revenue spending is monitored on a monthly basis as part of the Council's corporate performance monitoring framework and reported to Cabinet quarterly. Robust budgets are set that are consistent with agreed demand management plans. |
| Volatility of Business Rate income and Council Tax assumptions | 0.250 | Risk that the assumptions regarding the Business Rates collected and Council Tax base are incorrect. | Ongoing meetings with the District Councils to monitor the impact of the Business Rates and Council Tax. |

| Title | Value | Risk to the Delivery of the MTFP | Mitigation of Risk |
|--|---------------|---|--|
| Capital | 0.250 | Capital projects are not delivered on time or within budget. | Capital spending is monitored on a monthly basis as part of the Council's corporate performance monitoring framework and reported to Cabinet quarterly. Contingency budgets are now incorporated into cost estimates allowing management of cost increases to be managed within the scheme or released as underspends at the end of the project. |
| Accountable Bodies | 0.100 | The Council is exposed, as guarantor, to repayment of grants if the conditions on which grant funding is given are not met. | Ensure when the Council takes on Accountable Body responsibilities it is fully aware of the conditions of funding received. Continual monitoring of all accountable body arrangements including Assurance Frameworks are ongoing to ensure that funding conditions are being met. |
| Contractual matters / Compliance with statutory regulations | 1.100 | There is a risk of contract non-compliance or changes in legislation that may result in additional cost pressures. | Council has strengthened the Council's regulation of contract management and disputes within the Contract Procedure Rules included in the Constitution. |
| Partnership Working- Health | 1.200 | There is a risk that performance targets are not met by the partners within the Cumbria Better Care Fund. | The County Council may be subject to risk share agreements linked to the delivery of BCF targets, milestones and performance measures. Investment in Home Care Services is proposed to help deliver on reduction of Delayed Transfer of Care targets. |
| Emergency Response | 0.625 | Emergency event occurs e.g. major flooding incident / significant traffic incident / flu pandemic which incurs additional unbudgeted costs. | By their nature these events are unplanned but can be addressed by having adequate business continuity and emergency plans in place to cover these situations. Adequate general reserves available to meet any additional costs that may arise. |
| Subtotal | 10.405 | | |

Reserves

The Council aims to establish reserves based on financial risk and limit the use of reserves to support on-going spending. General Fund reserves effectively exist to ensure that the risks do not destabilise the services that are being provided during the year. Reserves form an important part of the financial strategy, allowing the authority to manage uncertainty, change and risk without undue impact on the Council Tax.

Without adequate General Fund reserves Councils remain vulnerable to unpredictable costs such as those arising from natural disasters (flooding) or extraordinary variation in service demands. Reserves are a key element in strong financial standing.

The 2003 Local Government Act also provides potential intervention powers if the Government believes balances are at too low a level. In times of austerity such as these, there may be a temptation to “raid” current balances and reserves rather than reduce services through a programme of savings. However, this action must be seen in the light of the prevailing risks. When there is significant change there is a greater risk that financial difficulties may occur and thereby require recourse to balances.

An important factor to consider is that balances can only be spent once. There is a significant risk of financial instability if significant levels of balances are used to fund ongoing spending or reductions in Council Tax. The introduction of referendum thresholds through the Localism Act limits the ability of Councils to replenish reserves from Council Tax increases. The level of reserves held overall is a balance between the risks facing the County and the need to protect the County and Council Tax payer from the short and longer term potential impact of these risks and the opportunity costs of holding those balances.

General Fund Balance

The General Fund Balance at 1st April 2017 was £10.159m. In year monitoring in 2017/18 is presently assuming a deficit position (Q2 monitoring reflects a £2.607m deficit at year end).

The Assistant Director – Finance considers that the General Fund Balance be no less than £10m for 2018/19 and wherever possible, effort is made to improve this, given the circumstances the Council faces. In short, the continuing savings challenge and the shift in funding to a reliance on locally generated income presents significant risk and general economic and funding uncertainty over the life of this MTFP. Potential financial risks as set out in the previous table support the target level for general reserves of £10m.

Earmarked Reserves

As at 1st April 2017 earmarked reserves were £60.963m. It is estimated that at 1st April 2018 that will have reduced to £41.516m and by 1st April 2019 to £41.088m. A significant reduction. The increases in future years, to £60.014m by 31st March 2022 relates primarily to estimated increases in DSG reserves linked to actions being taken to manage school and High Needs budgets.

Modernisation (Previously Equal Pay and Modernisation)

This reserve was earmarked to cover the potential costs and risks associated with equal pay claims, single status implementation and meet the costs of organisational change, such as redundancies or transition costs. Equal pay claims have largely been settled leaving the primary purpose of this reserve is to meet the costs of organisational change.

The reserve stood at £5.002m in April 2017 and is adequate for the immediate calls upon it. After taking account of expected drawings in 2017/18, the balance at 31st March 2018 is forecast to be £4.983m.

The reserve has been used to fund redundancy costs from both the Corporate Voluntary Redundancy programme and individual service reviews.

An estimate has been calculated of the level of redundancy cost this balance may fund in 2018/19 (using current average costs of redundancy) in determining the adequacy of reserves. This indicates that the reserve is likely to be fully utilised by 31st March 2019 in meeting the redundancy costs of staff expected to leave the organisation over the next year. Redundancy costs are extremely difficult to estimate as costs depend on individual's salary, length of service and can therefore differ from the 'average'.

The Council must continue its policy to consider the use of any future windfall surpluses or underspends to further support this reserve in the event the estimates are incorrect. If the Council does not have the ability to provide for redundancy costs through such a reserve the costs of redundancy will have to be met from increasing service budget reductions.

Under Government guidance on the flexible use of capital receipts, for the years 2017/18 to 2018/19 the Council is allowed to capitalise costs incurred in delivering ongoing revenue savings. This includes the costs of redundancy and pension strain linked to the delivery of service reviews and staff reductions. By identifying specific capital receipts to finance these costs the costs can be included within the capital programme. It is estimated that £2m will be available for capitalisation of saving costs in 2017/18 and a further £2.5m in 2018/19. A total of £4.5m.

School Balances

The Individual school balances net position is expected to stand at £0.675m as at 1st April 2018. This compares to £3.284m as at 1st April 2017.

DSG Reserve

The Central DSG Reserve is expected to have a net deficit of £7.566m at 1st April 2018. This compares to a net deficit of £5.666m at 1st April 2017. This deficit position and the associated actions to manage it are being monitored through the Schools Forum and Cabinet. The DSG reserve is expected to have a positive balance by 2019/20.

Revenue Grants Reserves

The expected balance of revenue grants reserves at 1st April 2018 is £29.919m. These balances relate to revenue grants that have been received but the expenditure that they relate to has not yet been incurred. Of the total £28.154m relates to the PFI smoothing reserve. This reserve relates to grants received which will be used to fund the PFI payments in future years.

Other Earmarked Revenue Reserves

There are a number of other earmarked reserves, such as the Insurance reserve, to smaller reserves such as for fire fighters ill health retirements. An assessment of these reserves has been undertaken and they are assessed as adequate. A full list of the Council's reserves is set out overleaf.

Reserves Table

Table 24 – Reserves

| Actual Balance at 1/4/17 £m | Description | Expected Balance 1/4/18 £m | Expected Net Use 18/19 £m | Expected Balance 31/3/19 £m | Expected Net Use 19/20 £m | Expected Balance 31/3/20 £m | Expected Net Use 20/21 £m | Expected Balance 31/3/21 £m |
|-----------------------------|---|----------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|
| 10.159 | General Reserves | 10.000 | 0.000 | 10.000 | 0.000 | 10.000 | 0.000 | 10.000 |
| | Earmarked Reserves | | | | | | | |
| 5.849 | Directorate Reserves | 2.200 | -0.646 | 1.554 | 0.000 | 1.554 | 0.000 | 1.554 |
| 7.590 | Centrally Held Reserves | 1.448 | 0.994 | 2.442 | 0.994 | 3.436 | 0.119 | 3.555 |
| 9.857 | Insurance | 9.857 | 0.000 | 9.857 | 0.000 | 9.857 | 0.000 | 9.857 |
| 5.002 | Modernisation | 4.983 | -4.983 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 34.524 | Revenue Grants Reserves | 29.919 | 0.347 | 30.266 | 1.035 | 31.301 | 0.596 | 31.897 |
| 0.523 | Capital Reserves | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 63.345 | Total Council Earmarked Reserves | 48.407 | -4.288 | 44.119 | 2.029 | 46.148 | 0.715 | 46.863 |
| -2.382 | DSG Funded Reserves | -6.891 | 3.860 | -3.031 | 6.176 | 3.145 | 0.000 | 3.145 |
| 60.963 | Total Earmarked Reserves | 41.516 | -0.428 | 41.088 | 8.205 | 49.293 | 0.715 | 50.008 |
| 71.122 | Total Reserves | 51.516 | -0.428 | 51.088 | 8.205 | 59.293 | 0.715 | 60.008 |

Cumbria Local Government Pension Fund

The Council, in its statutory capacity as Administering Authority operates the Cumbrian Local Government Pension Scheme (LGPS), on behalf of 126 employers (as at 31st March 2016) from across Cumbria. The Fund has over 54,500 members (equating to approximately 13% of the adult population of the county) who rely on the Cumbria LGPS to provide the benefits of a work-based pension for their retirement.

Every three years each of the 91 Local Government Pension Schemes (LGPS) within England and Wales are required to have an independent actuarial valuation with the latest valuation date being 31st March 2016. Over the three year period to March 2016 the funding position of the Cumbria LGPS has increased to 91% due in part to a change to the methodology for valuing the liabilities of the fund. Previously, the return from government bonds was used to assess these liabilities, however due to volatility in the bond market, the Pension Committee on advice from the Council's appointed Actuary changed their approach to value liabilities based on model that uses the Consumer Price Index (CPI).

The Fund's appointed Actuary, Mercers, calculates the assets and liabilities of each individual employer within the Fund to assess the overall funding rate for the Fund and individual employer, from which he determines the individual employer contribution rates for the next three years (2017/18 to 2019/20). There are two elements to the employer contribution rate, future service which is a % of pensionable pay and a fixed cash payment for past deficit which is required to reduce the historic pension deficit. Each employer within the Fund has their own individual valuation rate and as such their own specific employer contribution rate. This ensures every employer within the Fund is accountable for any decisions it takes in regards of its pension liabilities such as redundancy programmes, early / ill health retirements, additional deficit contributions, etc.

As an employer within the Fund the 2016 triennial valuation has calculated that the Council's pension contribution for future service should be 14.9% from April 2017 to March 2020 (compared to 13.0% for 2014/15 – 2016/17) and the Council's deficit requirement is a payment of £29.3m during 2017/18 - 2019/20.

As in previous years the Council proposes to make best use of its short term cash balances and take advantage of the option to make up front payments of the above amounts. As such the MTFP incorporates one-off savings generated by paying the Council's deficit recovery payment for 2017/18 to 2019/20 upfront in April 2017 and the future service pension contribution annually in April.

Glossary of Terms

Capital Expenditure - Spending on the acquisition of Property, Plant and Equipment or intangible assets, or which enhances the value of an existing asset. Other types of expenditure can be capitalised but only with the express permission of the Secretary of State.

Capital Receipts – These receipts are generated by the disposal of non current assets.

Council Tax – The Local Government Finance Act 1992 introduced Council Tax with effect from 1st April 1993 which is based upon property values. There are eight valuation bands for chargeable dwellings ranging from band “A” (the lowest valued properties) to band “H” (the highest valued properties). The Council levies the tax based upon Band D properties; the actual charge will depend upon the banding of the individual dwelling – i.e. those properties in Bands A to C will pay less Council Tax whilst those in bands E to H will pay more.

Earmarked Reserves – Amounts set aside by the Council to meet future financial liabilities.

Medium Term Financial Plan (MTFP) – The process of identifying and aligning service pressure, corporate priorities and objectives as well as available resources over the medium term (3 years) and budgeting accordingly.

Minimum Revenue Provision (MRP) – The amount of money the Council must statutorily set aside in line with the MRP policy adopted by the Council as part of its Medium Term Financial Plan to support the repayment of debt.

Precept – In the calculation of the Council Tax for a particular year, precepts levied by appropriate bodies must be taken into account.

Private Finance Initiative (PFI) – A method of procuring assets and services over a longer term period, usually 25 years. The financial risks involved are usually shared between the Council and the PFI operator.

Reserves – Amounts set aside for purposes falling outside the definition of Provisions are considered as Reserves – expenditure is not charged direct to any Reserve.

Revenue Expenditure – Money spent on the day to day running costs of providing the various services. It is usually of a constantly recurring nature and produces no permanent asset.

Appendix 1: Council Capital Programme 2018/19 to 2021/22

| Capital schemes | 2018/19 | 2019/20 | 2020/21 | Total Programme |
|---|---------------|---------------|--------------|-----------------|
| | £000 | £000 | £000 | £000 |
| Children and Families Services | | | | |
| Prioritised Capital Maintenance Projects | 4,645 | 4,645 | | 9,290 |
| Schools Maintenance | 4,500 | 3,000 | 2,000 | 9,500 |
| Devolved Formula Capital 15/16 | 254 | | | 254 |
| Devolved Formula Capital 16/17 | 344 | | | 344 |
| Devolved Formula Capital 17/18 | 653 | | | 653 |
| Devolved Formula Capital 18/19 | 1,186 | | | 1,186 |
| North Carlisle Primary School - feasibility Study | 100 | | | 100 |
| Whitehaven Primary School - feasibility Study | 100 | | | 100 |
| Alternative Provision | 1,500 | 166 | 166 | 1,832 |
| Basic Need schemes approved (St Marys, Harrington) | 481 | | | 481 |
| Individual Access Needs Capital | 100 | 50 | | 150 |
| Inclusive Cumbria - Sandside Lodge | 6,820 | 1,000 | | 7,820 |
| Inclusive Cumbria - James Rennie | 0 | 1,366 | | 1,366 |
| Campus Whitehaven | 9,550 | 300 | | 9,850 |
| QKS/Sandgate Schools (SEN) | 1,631 | | | 1,131 |
| TOTAL FOR CHILDREN AND FAMILIES SERVICES | 31,864 | 10,527 | 2,166 | 44,557 |
| | | | | |
| Health, Care and Community Services | | | | |
| Extra Care Housing / Accommodation with Care & Support- available for new schemes | 3,800 | | | 3,800 |
| Chronically Sick and Disabled Persons Adaptations | 914 | 475 | | 1,389 |
| Modernising Cumbria Care | 6,000 | | | 6,000 |
| TOTAL FOR HEALTH, CARE AND COMMUNITY SERVICES | 10,714 | 475 | 0 | 11,189 |
| | | | | |
| Economy and Highways Services | | | | |
| Highways | | | | |
| Integrated Transport Block (ITB): | | | | |
| <i>Engineering Safety Studies and implementation measures</i> | 300 | 300 | 300 | 900 |
| <i>Infrastructure Deficit Support to District Councils</i> | 904 | 385 | 385 | 1,674 |
| <i>Countryside Access Improvements (Other)</i> | 95 | 100 | 100 | 295 |
| <i>Traffic signals and Network traffic systems</i> | 190 | 190 | 190 | 570 |
| Total ITB schemes | 1,489 | 975 | 975 | 3,439 |
| Highways & Transport - Principal Road Network (PRN) Schemes | 5,472 | 5,285 | 5,098 | 15,855 |
| Highways & Transport - Bridges & Structures | 2,482 | 2,906 | 2,804 | 8,192 |
| Devolved to Local Committees - Non-Principal Road Network (NPRN) | 18,057 | 17,440 | 16,821 | 52,318 |
| Highways Incentive Fund - Strategic Asset | 1,362 | 2,269 | 3,177 | 6,808 |

| Capital schemes | 2018/19 | 2019/20 | 2020/21 | Total Programme |
|--|----------------|----------------|----------------|------------------------|
| Maintenance Fund | | | | |
| Additional Pot Hole Action funding | 1,241 | 1,241 | 1,241 | 3,723 |
| National Productivity Investment Fund | 1,806 | | | 1,806 |
| BAE Junction Highways Improvements | 1,031 | | | |
| Whitehaven North Shore Access (NPIF/BEC) | 943 | 1,556 | 0 | 2,499 |
| Total Transport Block funding | 33,883 | 31,672 | 30,116 | 95,671 |
| | | | | |
| LEP - Devolved Major Transport Scheme Funding | 411 | | | 411 |
| Total Devolved Major Transport Schemes | 411 | 0 | 0 | 411 |
| | | | | |
| CCC funded Flood Recovery Schemes | 2,424 | | | 2,424 |
| DfT funded Flood Recovery Scheme | 30,200 | 18500 | | 48,700 |
| ROW Flood Recovery Scheme | 241 | | | 241 |
| Street Lighting - new for 2018/19 | 1,766 | 1,766 | 1,766 | 5,298 |
| CNDR ancillary schemes | 198 | | | 198 |
| Lead Local Flood Authority | 375 | | | 375 |
| DfT Pinch Point scheme - Gilwilly Access Improvements | 150 | | | 150 |
| CNDR Land Purchase | 136 | | | 136 |
| TOTAL FOR HIGHWAYS | 69,784 | 51,938 | 31,882 | 153,604 |
| | | | | |
| Economic Development | | | | |
| Connecting Cumbria - Phase 2 | 3,368 | | | 3,368 |
| Total for Economic Development | 3,368 | 0 | 0 | 3,368 |
| Economic Development - LEP schemes | | | | |
| Ulverston Infrastructure | 0 | 2,500 | 2,500 | 5,000 |
| LEP - South Ulverston | 932 | | | 932 |
| LEP - Kendal Infrastructure | 980 | | | 980 |
| Total for LEP schemes | 1,912 | 2,500 | 2,500 | 6,912 |
| TOTAL FOR ECONOMIC DEVELOPMENT | 5,280 | 2,500 | 2,500 | 10,280 |
| | | | | |
| Slippage only schemes: | | | | |
| Leachate Management - various closed landfill sites | 359 | 200 | | 559 |
| Carlisle Cumbria Records Office | 193 | | | 193 |
| TOTAL FOR ENVIRONMENT OTHER | 552 | 200 | 0 | 752 |
| | | | | |
| Property | | | | |
| Corporate Property Planned Maintenance and improvement | 4,800 | 4,800 | | 9,600 |
| Area Planning | 2,265 | | | 2,265 |
| Whitehaven Library | 900 | | | 900 |
| DSG Funded CMF - Contributions to Schools | 500 | 500 | | 1,000 |

| Capital schemes | 2018/19 | 2019/20 | 2020/21 | Total Programme |
|--|----------------|----------------|----------------|------------------------|
| Portland Square Development | 1,000 | | | 1,000 |
| TOTAL FOR ECONOMY AND HIGHWAYS SERVICES | 85,081 | 59,938 | 34,382 | 179,401 |
| | | | | |
| Resources and Transformation | | | | |
| eDRMS - Document Recording Management System | 200 | | | 200 |
| ICT Investment | 1,000 | 600 | | 1,600 |
| Additional ICT investment | 300 | | | 300 |
| Capitalisation Flexibilities | 2,500 | | | 2,500 |
| TOTAL FOR RESOURCES AND TRANSFORMATION | 4,000 | 600 | 0 | 4,600 |
| | | | | |
| Fire & Rescue Service | | | | |
| Co-located Emergency Response Centre - Ulverston | 1,976 | | | 1,976 |
| Fire Vehicle replacement | 1,500 | 1,000 | | 2,500 |
| TOTAL FOR FIRE & RESCUE SERVICE | 3,476 | 1,000 | 0 | 4,476 |
| Total County Council Capital Programme Schemes | 135,135 | 72,540 | 36,548 | 244,223 |
| | | | | |
| Accountable Bodies Programme | | | | |
| LEP Cumbria Skills | 2,000 | | | 2,000 |
| LEP - Growing our potential | | | 506 | 506 |
| Total Accountable Bodies | 2,000 | 0 | 506 | 2,506 |
| TOTAL CAPITAL PROGRAMME WITH ACCOUNTABLE BODIES | 137,135 | 72,540 | 37,054 | 246,729 |

Appendix 2: Directorate Budgets 2018/19 (Detail)

| 17/18 NET BUDGET | DESCRIPTION | GROSS BUDGET 2018/19 | OTHER GRANT INCOME | FEES AND CHARGES | OTHER EXTERNAL INCOME | INTERNAL INCOME | NET BUDGET 2018/19 |
|------------------|---|----------------------|--------------------|------------------|-----------------------|-----------------|--------------------|
| £'000 | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| | CHILDREN AND FAMILIES SERVICES | | | | | | |
| 198 | Director & Business Manager | 201 | 0 | 0 | 0 | 0 | 201 |
| | Schools and Learning | | | | | | |
| 0 | School & Nursery Budgets | 264,361 | (264,005) | 0 | 0 | (356) | 0 |
| 6,095 | Inclusive Learning | 9,116 | (3,235) | 0 | (34) | 0 | 5,847 |
| 2,228 | Learning Improvement | 2,470 | (211) | 0 | 0 | 0 | 2,259 |
| 810 | Other Schools & Learning | 1,865 | (685) | (53) | (303) | 0 | 824 |
| 9,133 | Total Schools and Learning | 277,812 | (268,136) | (53) | (337) | (356) | 8,930 |
| | Early Help | | | | | | |
| 9,924 | Early Help | 11,254 | (755) | 0 | (317) | (168) | 10,014 |
| | Children & Families | | | | | | |
| 24,062 | Children Looked After | 30,593 | (189) | 0 | (1,742) | 0 | 28,662 |
| 8,040 | Child Protection | 8,473 | (133) | 0 | (104) | 0 | 8,236 |
| 4,735 | Child & Family Support | 5,269 | (309) | 0 | (2) | (140) | 4,818 |
| 1,459 | Other Children & Families | 1,604 | (130) | 0 | 0 | 0 | 1,474 |
| 38,295 | Total Children & Families | 45,939 | (761) | 0 | (1,848) | (140) | 43,190 |
| | Other | | | | | | |
| 2,795 | Other Directorate Services | 2,568 | (61) | 0 | 0 | 0 | 2,507 |
| 0 | Cost of Borrowing | 596 | (596) | 0 | 0 | 0 | 0 |
| 6,364 | Capital Charges | 6,979 | (996) | 0 | 0 | 0 | 5,983 |
| 9,159 | Total Other | 10,143 | (1,653) | 0 | 0 | 0 | 8,490 |
| 66,709 | CHILDREN AND FAMILIES SERVICES TOTAL | 345,349 | (271,305) | (53) | (2,502) | (664) | 70,825 |

| 17/18 NET BUDGET | DESCRIPTION | GROSS BUDGET 2018/19 | OTHER GRANT INCOME | FEES AND CHARGES | OTHER EXTERNAL INCOME | INTERNAL INCOME | NET BUDGET 2018/19 |
|------------------|--|----------------------|--------------------|------------------|-----------------------|-----------------|--------------------|
| | HEALTH, CARE AND COMMUNITY SERVICES | | | | | | |
| 240 | Director & Business Managers | 3,549 | 0 | 0 | 0 | 0 | 3,549 |
| | Commissioned Services North | | | | | | |
| | Older Adults | | | | | | |
| 26,242 | - Residential | 30,383 | 0 | 0 | 0 | 0 | 30,383 |
| 14,233 | - Support at Home | 15,354 | 0 | 0 | 0 | 0 | 15,354 |
| 175 | - Day Care | 188 | 0 | 0 | 0 | 0 | 188 |
| (148) | - Other Services | 0 | 0 | 0 | (148) | 0 | (148) |
| 40,502 | Total North Older Adults | 45,925 | 0 | 0 | (148) | 0 | 45,777 |
| | Younger Adults | | | | | | |
| 19,730 | - Residential | 20,191 | 0 | 0 | 0 | 0 | 20,191 |
| 26,662 | - Support at Home | 26,775 | 0 | 0 | 0 | 0 | 26,775 |
| 3,225 | - Day Care | 3,103 | 0 | 0 | 0 | 0 | 3,103 |
| (8,856) | - Other Services | 3,411 | 0 | 0 | (12,447) | 0 | (9,036) |
| 40,761 | Total North Younger Adults | 53,480 | 0 | 0 | (12,447) | 0 | 41,034 |
| | Other Costs | | | | | | |
| 2,857 | - Community Equipment | 3,114 | 0 | 0 | (202) | 0 | 2,912 |
| 6,481 | - Social Work | 8,821 | 0 | 0 | (93) | 0 | 8,728 |
| 289 | - Carers Support | 214 | 0 | 0 | 0 | 0 | 214 |
| 9,627 | Total North Other Costs | 12,149 | 0 | 0 | (295) | 0 | 11,854 |
| 90,891 | Commissioned Services North | 111,554 | 0 | 0 | (12,889) | 0 | 98,665 |
| | Commissioned Services South | | | | | | |
| | Older Adults | | | | | | |
| 18,156 | - Residential | 20,879 | 0 | 0 | 0 | 0 | 20,879 |
| 7,651 | - Support at Home | 8,155 | 0 | 0 | 0 | 0 | 8,155 |
| 431 | - Day Care | 453 | 0 | 0 | 0 | 0 | 453 |
| 6,330 | - Reablement | 7,376 | 0 | 0 | 0 | 0 | 7,376 |
| (106) | - Other Services | 122 | 0 | 0 | (107) | 0 | 15 |
| 32,462 | Total South Older Adults | 36,984 | 0 | 0 | (107) | 0 | 36,877 |
| | Younger Adults | | | | | | |
| 1,414 | - Residential | 1,462 | 0 | 0 | 0 | 0 | 1,462 |
| 3,197 | - Support at Home | 3,327 | 0 | 0 | 0 | 0 | 3,327 |
| 173 | - Day Care | 178 | 0 | 0 | 0 | 0 | 178 |
| 123 | - Other Services | 277 | 0 | 0 | (65) | 0 | 212 |
| 4,907 | Total South Younger Adults | 5,244 | 0 | 0 | (65) | 0 | 5,178 |
| | Other Costs | | | | | | |
| 5,961 | - Social Work | 7,461 | 0 | 0 | (384) | 0 | 7,078 |
| 150 | - Carers Support | 104 | 0 | 0 | 0 | 0 | 104 |
| 6,111 | Total South Other Costs | 7,566 | 0 | 0 | (384) | 0 | 7,182 |
| 43,480 | Commissioned Services South | 49,794 | 0 | 0 | (556) | 0 | 49,237 |

| 17/18 NET BUDGET | DESCRIPTION | GROSS BUDGET 2018/19 | OTHER GRANT INCOME | FEES AND CHARGES | OTHER EXTERNAL INCOME | INTERNAL INCOME | NET BUDGET 2018/19 |
|------------------|--|----------------------|--------------------|------------------|-----------------------|-----------------|--------------------|
| | Countywide Services | | | | | | |
| 1,397 | - Commissioning | 1,871 | 0 | 0 | (18) | 0 | 1,853 |
| 110 | - Assistive Technology | 110 | 0 | 0 | 0 | 0 | 110 |
| 1,390 | - Carers Support | 1,290 | 0 | 0 | 0 | 0 | 1,290 |
| 2,897 | Total Countywide Services | 3,271 | 0 | 0 | (18) | 0 | 3,253 |
| | Cumbria Care | | | | | | |
| | Older Adults | | | | | | |
| 18,928 | - Residential | 18,851 | 0 | 0 | (4) | 0 | 18,847 |
| 0 | - Support at Home | 0 | 0 | 0 | 0 | 0 | 0 |
| 465 | - Day care | 283 | 0 | 0 | 0 | 0 | 283 |
| 0 | - Management | 0 | 0 | 0 | 0 | 0 | 0 |
| 19,393 | Total Cumbria Care Older Adults | 19,134 | 0 | 0 | (4) | 0 | 19,130 |
| | Younger Adults | | | | | | |
| 875 | - Residential | 810 | 0 | 0 | 0 | 0 | 810 |
| 3,590 | - Support at Home | 3,772 | 0 | 0 | (15) | 0 | 3,758 |
| 5,259 | - Day care | 5,537 | 0 | 0 | (130) | 0 | 5,407 |
| 114 | - Management | 79 | 0 | 0 | 0 | 0 | 79 |
| 9,837 | Total Cumbria Care Younger Adults | 10,199 | 0 | 0 | (145) | 0 | 10,054 |
| 979 | Management Costs | 939 | 0 | 0 | 0 | 0 | 939 |
| 30,208 | Total Cumbria Care | 30,271 | 0 | 0 | (148) | 0 | 30,123 |
| | Personal Contributions | | | | | | |
| (28,722) | Residential | 0 | 0 | (26,856) | 0 | 0 | (26,856) |
| (6,759) | Support at Home | 0 | 0 | (7,597) | 0 | 0 | (7,597) |
| (35,481) | Total Personal Contributions | 0 | 0 | (34,453) | 0 | 0 | (34,453) |
| | Better Care Fund | | | | | | |
| (23,052) | BCF Cumbria County Council | 1,128 | 0 | 0 | (25,331) | 0 | (24,203) |
| 0 | BCF NHS | 11,855 | 0 | 0 | (11,855) | 0 | 0 |
| 0 | IBCF Cumbria County Council | 15 | (12,495) | 0 | 0 | 0 | (12,480) |
| 0 | IBCF NHS | 4,135 | (4,135) | 0 | 0 | 0 | 0 |
| (23,052) | Total Better Care Fund | 17,133 | (16,630) | 0 | (37,186) | 0 | (36,683) |
| 108,943 | Total Social Care | 212,022 | (16,630) | (34,453) | (50,797) | 0 | 110,142 |
| 844 | Health and Wellbeing | 19,603 | (18,517) | 0 | (661) | 0 | 425 |
| 3,762 | Community Services | 6,995 | (1,288) | (1,912) | (112) | 0 | 3,683 |
| 1,586 | Capital Charges | 1,786 | 0 | 0 | 0 | 0 | 1,786 |
| 115,374 | HEALTH, CARE AND COMMUNITY SERVICES TOTAL | 243,956 | (36,435) | (36,365) | (51,570) | 0 | 119,585 |

| 17/18 NET BUDGET | DESCRIPTION | GROSS BUDGET 2018/19 | OTHER GRANT INCOME | FEES AND CHARGES | OTHER EXTERNAL INCOME | INTERNAL INCOME | NET BUDGET 2018/19 |
|------------------|--|----------------------|--------------------|------------------|-----------------------|-----------------|--------------------|
| | ECONOMY & HIGHWAYS SERVICES | | | | | | |
| 0 | Cross Cutting Savings Corporate Cross Cutting Efficiencies | (338) | 0 | 0 | 0 | 0 | (338) |
| 0 | Total Cross Cutting Savings | (338) | 0 | 0 | 0 | 0 | (338) |
| 169 | Director | 173 | 0 | 0 | 0 | 0 | 173 |
| 2,106 | Centralised Directorate Support Services | 2,765 | 0 | 0 | 0 | 0 | 2,765 |
| | Economy & Environment | | | | | | |
| 114 | Assistant Director | 117 | 0 | 0 | 0 | 0 | 117 |
| 2,149 | Waste Staffing & Operations | 2,745 | 0 | 0 | (495) | 0 | 2,250 |
| 27,668 | Waste Disposal - Renewi | 29,921 | 0 | 0 | (326) | 0 | 29,595 |
| 5,219 | Waste Recycling | 5,244 | 0 | 0 | 0 | 0 | 5,244 |
| 630 | Flood Risk & Development Management | 949 | 0 | (281) | (21) | 0 | 647 |
| 1,509 | Regulatory Services | 2,685 | 0 | (222) | (902) | 0 | 1,561 |
| 605 | Economic Development & Infrastructure Planning | 1,384 | (346) | 0 | (327) | (47) | 664 |
| 37,894 | Total Economy & Environment | 43,046 | (346) | (503) | (2,072) | (47) | 40,078 |
| | Highways, Transport & Fleet | | | | | | |
| 113 | Assistant Director | 116 | 0 | 0 | 0 | 0 | 116 |
| 13,757 | CNDR | 13,813 | 0 | 0 | 0 | 0 | 13,813 |
| 3,715 | Winter Maintenance | 3,809 | 0 | 0 | 0 | 0 | 3,809 |
| (619) | Highways Management & Operations | 9,573 | 0 | (3,241) | (445) | (6,419) | (532) |
| 9,182 | Concessionary Fares | 9,478 | 0 | (19) | 0 | 0 | 9,459 |
| 16,729 | Integrated Transport & Fleet | 19,821 | (530) | (672) | (42) | (1,722) | 16,855 |
| 42,877 | Total Highways, Transport & Fleet | 56,610 | (530) | (3,932) | (487) | (8,141) | 43,520 |
| | Capital Programme & Property | | | | | | |
| 486 | Corporate Health & Safety | 698 | (160) | 0 | (44) | 0 | 494 |
| 1,117 | Property (including Assistant Director) | 1,829 | 0 | 0 | (626) | 0 | 1,203 |
| 2,233 | Corporate Maintenance | 3,945 | (1,712) | 0 | 0 | 0 | 2,233 |
| 11,016 | Corporate Landlord | 10,732 | 0 | 0 | (123) | 0 | 10,609 |
| (182) | Port of Workington | 1,710 | 0 | 0 | (1,881) | 0 | (170) |
| 320 | Carbon Tax | 320 | 0 | 0 | 0 | 0 | 320 |
| 14,990 | Total Capital Programme & Property | 19,235 | (1,872) | 0 | (2,673) | 0 | 14,690 |
| 1,439 | Coroners | 1,506 | 0 | 0 | 0 | 0 | 1,506 |
| | Other | | | | | | |
| 19,593 | Capital Charges | 21,867 | 0 | 0 | 0 | 0 | 21,867 |
| 19,593 | Total Other | 21,867 | 0 | 0 | 0 | 0 | 21,867 |
| 119,068 | ECONOMY & HIGHWAYS SERVICES TOTAL | 144,864 | (2,748) | (4,436) | (5,232) | (8,188) | 124,261 |

| 17/18 NET BUDGET | DESCRIPTION | GROSS BUDGET 2018/19 | OTHER GRANT INCOME | FEES AND CHARGES | OTHER EXTERNAL INCOME | INTERNAL INCOME | NET BUDGET 2018/19 |
|------------------|--|----------------------|--------------------|------------------|-----------------------|-----------------|--------------------|
| | FIRE SERVICES | | | | | | |
| | Fire & Rescue | | | | | | |
| 15,223 | Fire & Rescue Service | 15,315 | 0 | (6) | (98) | 0 | 15,211 |
| 145 | Resilience | 407 | 0 | 0 | (298) | 0 | 109 |
| 15,368 | Total Fire & Rescue | 15,722 | 0 | (6) | (396) | 0 | 15,320 |
| | Other | | | | | | |
| 1,424 | Capital Charges | 1,509 | 0 | 0 | 0 | 0 | 1,509 |
| 1,424 | Total Other | 1,509 | 0 | 0 | 0 | 0 | 1,509 |
| 16,792 | FIRE SERVICES TOTAL | 17,231 | 0 | (6) | (396) | 0 | 16,829 |
| | | | | | | | |
| | RESOURCES AND TRANSFORMATION | | | | | | |
| 515 | Chief Executive | 573 | 0 | 0 | 0 | 0 | 573 |
| 160 | Director | 164 | 0 | 0 | 0 | 0 | 164 |
| | Finance | | | | | | |
| 116 | Assistant Director | 116 | 0 | 0 | 0 | 0 | 116 |
| 573 | Pensions and Financial Services | 629 | 0 | 0 | (20) | (157) | 452 |
| 1,598 | Accountancy and Financial Planning | 1,787 | (70) | 0 | (79) | 0 | 1,639 |
| 401 | Internal Audit Service | 481 | 0 | 0 | (67) | 0 | 414 |
| 52 | Corporate Procurement & Contracts | 910 | 0 | 0 | (472) | 0 | 438 |
| 2,740 | Total Finance | 3,923 | (70) | 0 | (638) | (157) | 3,058 |
| | Corporate Governance | | | | | | |
| 116 | Assistant Director | 116 | 0 | 0 | 0 | 0 | 116 |
| 4,096 | Legal & Democratic Services | 4,672 | 0 | 0 | (217) | (41) | 4,414 |
| 4,212 | Total Corporate Governance | 4,788 | 0 | 0 | (217) | (41) | 4,530 |
| | Transformation & Business Support | | | | | | |
| 110 | Assistant Director | 121 | 0 | 0 | 0 | 0 | 121 |
| 343 | Transformation | 342 | 0 | 0 | 0 | 0 | 342 |
| 825 | Policy & Scrutiny | 908 | (42) | 0 | 0 | 0 | 866 |
| 1,149 | Performance & Risk | 1,041 | 0 | 0 | (9) | 0 | 1,033 |
| 606 | Communications | 675 | 0 | 0 | 0 | 0 | 675 |
| 1,128 | People Management | 1,829 | (160) | 0 | (5) | 0 | 1,664 |
| 4,161 | Total Transformation & Business Support | 4,917 | (202) | 0 | (13) | 0 | 4,702 |

| 17/18 NET BUDGET | DESCRIPTION | GROSS BUDGET 2018/19 | OTHER GRANT INCOME | FEES AND CHARGES | OTHER EXTERNAL INCOME | INTERNAL INCOME | NET BUDGET 2018/19 |
|------------------|--|----------------------|--------------------|------------------|-----------------------|-----------------|--------------------|
| | Business Services | | | | | | |
| 110 | Assistant Director | 119 | 0 | 0 | 0 | 0 | 119 |
| 11,256 | ICT Services | 10,576 | 0 | 0 | 0 | 0 | 10,576 |
| 927 | Service Centre | 1,526 | (16) | (105) | (32) | 0 | 1,373 |
| (209) | Traded Services | 4,499 | (618) | (1,638) | (976) | (1,410) | (143) |
| 1,936 | Learning and Development (including apprenticeship levy) | 3,254 | (45) | 0 | (114) | (257) | 2,838 |
| (178) | Community Learning Skills | 2,635 | (2,260) | 0 | (527) | 0 | (152) |
| 13,843 | Total Business Services | 22,609 | (2,939) | (1,743) | (1,649) | (1,667) | 14,612 |
| | Cross cutting Items to be allocated | | | | | | |
| 0 | Amalgamate Records Management and Information Governance functions | (50) | 0 | 0 | 0 | 0 | (50) |
| 0 | Information, Advice and Guidance (IAG) service | (20) | 0 | 0 | 0 | 0 | (20) |
| 0 | Customer Service Transformation | (172) | 0 | 0 | 0 | 0 | (172) |
| 0 | Supplies and Services | (500) | 0 | 0 | 0 | 0 | (500) |
| 0 | Total Cross cutting Items to be allocated | (742) | 0 | 0 | 0 | 0 | (742) |
| | Other | | | | | | |
| 304 | Capital Charges | 267 | 0 | 0 | 0 | 0 | 267 |
| 304 | Total Other | 267 | 0 | 0 | 0 | 0 | 267 |
| 25,937 | RESOURCES AND TRANSFORMATION TOTAL | 36,500 | (3,211) | (1,743) | (2,517) | (1,865) | 27,164 |
| | LOCAL COMMITTEES | | | | | | |
| 5,845 | Highways Revenue | 5,845 | 0 | 0 | 0 | 0 | 5,845 |
| | Non Highways : | | | | | | |
| 614 | Neighbourhood Development - Area Support Teams | 614 | 0 | 0 | 0 | 0 | 614 |
| 0 | Individual Local Member Schemes | 0 | 0 | 0 | 0 | 0 | 0 |
| 1,119 | Discretionary Budget, incorporating General Provision, School Crossing Patrols and 0-19 Services | 1,116 | 0 | 0 | 0 | 0 | 1,116 |
| 317 | Money Advice - CAB | 317 | 0 | 0 | 0 | 0 | 317 |
| 50 | Community Waste Prevention Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| 44 | Sandgate Hydrotherapy Pool | 44 | 0 | 0 | 0 | 0 | 44 |
| 2,144 | Total for Non Highways | 2,091 | 0 | 0 | 0 | 0 | 2,094 |
| 7,989 | LOCAL COMMITTEE TOTAL | 7,936 | 0 | 0 | 0 | 0 | 7,936 |

| 17/18 NET BUDGET | DESCRIPTION | GROSS BUDGET 2018/19 | OTHER GRANT INCOME | FEES AND CHARGES | OTHER EXTERNAL INCOME | INTERNAL INCOME | NET BUDGET 2018/19 |
|-------------------------|---|-----------------------------|---------------------------|-------------------------|------------------------------|------------------------|---------------------------|
| | CHARGED CORPORATELY | | | | | | |
| 1,289 | Second Homes Agreement with the Districts | 1,336 | 0 | 0 | 0 | 0 | 1,336 |
| 5,592 | Residual Pension Costs | 5,088 | 0 | 0 | 0 | 0 | 5,088 |
| 6,615 | Pension costs for past service | 5,924 | 0 | 0 | 0 | 0 | 5,924 |
| 3,206 | Corporate Insurances | 3,879 | (673) | 0 | 0 | 0 | 3,206 |
| 51 | Surplus Assets Depreciation | 34 | 0 | 0 | 0 | 0 | 34 |
| 650 | Apprenticeship Levy | 0 | 0 | 0 | 0 | 0 | 0 |
| 522 | Elections | 0 | 0 | 0 | 0 | 0 | 0 |
| (1,000) | Dividend from Cumbria Holdings Ltd | 0 | 0 | 0 | (1,000) | 0 | (1,000) |
| (980) | Cross Cutting Savings | (5,000) | 0 | 0 | 0 | 0 | (5,000) |
| 15,945 | CHARGED CORPORATELY TOTAL | 11,261 | (673) | 0 | (1,000) | 0 | 9,588 |
| 367,814 | TOTAL SERVICE EXPENDITURE | 807,097 | (314,372) | (42,603) | (63,218) | (10,717) | 376,188 |