

Committee: Cabinet

Date of meeting: 22nd November 2018

**Title of Report: Development of the Medium Term Financial Plan (MTFP)
2019 to 2022**

Report by: Katherine Fairclough, Chief Executive

Julie Crellin, Director of Finance (s151 Officer)

Cabinet Member: Councillor Stewart Young, Leader of the Council

**Councillor Peter Thornton, Deputy Leader (Portfolio Holder
for Finance)**

Executive Summary

1. The Council is continuing to deal with significant financial challenges, by the end of 2018/19 the Council will have agreed budget savings of £249m since 2011/12. For the period of the next Medium Term Financial Plan (MTFP 2019/20-2021/22 the Council will need to deliver a further £49m of savings. This means that between 2011/12-2021/22 the Council will have made a total of £298m of permanent savings from its day to day (revenue) budget.
2. Recognising the need to embrace change and transform the way the Council operates, the Council published a new four year Council Plan for 2018-2022 at its meeting on 15th February 2018 which set out the way it intends to achieve its vision to improve outcomes for the people of Cumbria.
3. This report contains the financial planning assumptions for the period of the new three year MTFP (2019–2022) set within this Council Plan (2018-2022). It updates the 2018-2022 Budget Planning position, agreed by Council in February. It proposes the approach that will be taken to deliver the savings required to achieve a balanced budget over the three year period (2019 – 2022).
4. In agreeing the recommendations set out in this report, consultation with the public will commence in readiness for Cabinet to recommend the Budget Proposal 2019/20 and Medium Term Financial Plan (2019-2022) to Council in February.
5. The consultation document will seek views on the County Council's general increase to Council Tax for 2019/20. The proposed Council Tax increase for 2019/20 is 1.99%. This is below the cost of inflation. In addition the Council proposes to continue with the government's additional 2.00% social care precept to support Adult Social Care Services.

6. To deliver a balanced budget in 2019/20, and meet our statutory responsibilities, the current planning assumptions would require £22.730m of new savings to be proposed to Council in February 2019. A range of options have been developed across two of the new ways of working themes 'Working Together' and 'Enterprise and Efficiency'. These proposals are summarised in Table 5 of this report. The majority of the savings proposed are a result of existing programmes and themed approaches that we are delivering through our Council Plan.
7. The way council services are funded across the country remains uncertain. Without exception, all councils are facing difficult financial times, now and in the future given reductions in funding, increasing demand and rising costs. As well as funding reductions from government, we also have an unprecedented level of demand on our services, especially from those who need us most. This includes greater pressure for social care services from our growing elderly population and increased costs to look after the number of children now in our care. These ever increasing pressures mean that going forward, it is no longer just about efficiency, it is also about managing demand.
8. In recent years, the Council has fundamentally changed the way it works including changes to commissioning and buying services, rationalisation of the property portfolio, major changes to the way the council is structured and a reduction of the council's workforce through voluntary redundancy, ending of fixed term contracts, reductions in recruitment and reshaping of some services.
9. Despite severe cuts from Government, the Council has continued to invest in a range of major capital projects that provide real benefits to residents and service delivery. For example, provision of two new care homes in Carlisle and Whitehaven.
10. The Council is committed to improving outcomes for the people of Cumbria and building a sustainable future. This will mean that the drive for change, making the most of new opportunities and building on our assets including making the most of the talents of our committed workforce, working with others and taking a more commercial approach where appropriate. We will though, continue to balance our commitment to residents and deliver essential services to the most vulnerable.
11. Looking ahead, we will need to focus our efforts on offering early help to those in need, promote independence and independent living, and provide a better range of preventative services by working closely with our partners and our communities.

Recommendation of the Director of Finance

12. That Members note the revised Budget Gap position of £22.730m for 2019/20 and the proposals identified within this report to provide a balanced budget for 2019/20.
13. On the basis of the balanced budget proposals set out in this report, Members approve consultation with the public on the level of Council Tax for 2019/20 of 1.99% increase in general Council Tax and 2.00% increase for the Adult Social Care precept.

14. That Members note the revised Budget Gap for 2020/21 and 2021/22 which results in additional savings of £39.898m still required to be identified at a future date to deliver a balanced budget over the Medium Term.

Context

15. Cumbria is a county with fantastic assets and offers a unique quality of life to the people who live and work within the county; and for those who visit the area and want to do business here. We also face some significant challenges.
 - A health and care system which is struggling to manage the demands of our ageing population and tackle the health inequalities across the county;
 - Health Services that include two CCG's and numerous health providers collectively working with the Council to deliver integrated services;
 - A higher number than we would want of looked after children who need a family or greater permanence and stability in their lives;
 - Funding uncertainty sits alongside significant pressures from rising demand, particularly in children's as well as adult social care, and how they will be funded in the future;
 - Economic inequalities within the county prevail with some areas experiencing particularly high concentrations of deprivation, pockets of deprivation within more affluent rural areas, high house prices creating affordability issues for local people, and parts of the economy characterised by low wages;
 - Unsatisfactory connectivity and access as a result of the geography of the county, which is exacerbated by poor infrastructure and limited broadband; and
 - Complex arrangements across public services in the area – with 3 layers of local government and a range of different health providers.
16. Nationally we are in a time of significant change. Although the Chancellor stated in his Autumn Budget 2018 that the era of austerity is coming to an end, the impact of Brexit on the economy, and wider social and world events all increase potential financial and economic risks which ultimately impact on the Council's financial planning for the future.
17. Beyond 2020 uncertainty in relation to local government funding increases. Government has announced it intends to undertake a Spending Review in 2019 which alongside the outcome of the Fair Funding Review, also due in 2019, are expected to change the level of funding received by county councils. Cumbria's share of that new level of government funding is unlikely to be known until the autumn of next year. In addition, the amount of business rate income retained by the Council is also expected to change and this will be announced in the autumn too. Planning beyond 2020 is therefore, very challenging.

18. The assumption in the Revised MTFP set out later in the report is that the Council will receive no less funding from central government than was indicated in the Spending Review 2015 post 2020, and the Council receives no less share of Business Rates income than at present. There is a risk that the planning assumptions will have to be significantly altered in the autumn of 2019.
19. The drive for efficiency has been with the public sector since the beginning of this century. Being more efficient is not a new concept but it is becoming increasingly difficult to achieve a balanced budget through efficiency alone. Since 2011 we have balanced our budgets each year, savings totalling £249million have been agreed in this period.
20. With 8 years of budget planning under austerity already behind us since 2011 and uncertainty of what finally coming to an end means, we are responding by continuing to bring forward plans to build a financially sustainable future. It is within this context that the Council set a renewed vision for the period 2018 – 2022, 2019/20 being the second year of the Councils 4 year journey, towards financial sustainability.
21. The Council is making the case to government for sufficient funding for Cumbria. Although we and the sector have been successful in securing extra one off grants, and in particular for roads and infrastructure, in the absence of clarity and sufficiency of funding we must look to rebalance our budget. Without “Fair Funding” this may mean that as we go forward, we can only provide essential services. A number of councils with care responsibilities have announced that they are at that stage in this financial year.
22. At this stage however, we are presenting a balanced budget proposal for next year, and our funding assumptions for 2020/21 and 2021/22 are based on the continuation of the current level of Retained Business Rates (10%) plus Top up Grant and Better Care Fund which supports the delivery of Adult Social Care.
23. The Chancellor delivered his second Autumn Budget Statement on the 29th October 2018 and the implications for the Council have been considered and are reflected in this report. Any announcements specifically in respect of Local Government will be incorporated into the Provisional Local Government Finance settlement expected to be announced by Ministry of Housing, Communities & Local Government (MoHCLG) on 6th December 2018. The outcome of this will be reflected in the Budget Report to Cabinet in February 2019.

Medium Term Financial Plan 2019-2022

24. The four year MTFP (2018-2022) approved by Council in February 2018 set out a balanced budget for 2018/19, budget gap of **£19.729m** for 2019/20 increasing to **£51.530m** in 2021/22.
25. The new MTFP, to be approved by Council in February 2019, will cover a three year period 2019/20 – 2021/22.

Revised Budget Gap 2019-2022

26. As stated in para 18 it is not assumed in the financial forecast that there is any significant change to the Local Government Finance allocations in respect of the introduction of 75% Business Rate Retention or of the introduction of the Fair Funding Review. This results in increased uncertainty for these financial years.
27. The original budget gap for the period 2019/20 – 2021/22 before pressures and revised sources of Funding is set out below:

November 2018			
Table 1 Budget Gap	2019/20 Net (£m)	2020/21 Net (£m)	2021/22 Net (£m)
Budget Gap (Feb 2018)	19.729	19.729	19.729
Estimated Budget Gap (2020/21)		23.772	23.772
Estimated Budget Gap (2021/22)			8.029
Budget Gap (Feb 2018)	19.729	43.501	51.530

Sources of Finance

28. As part of reviewing the assumptions in the MTFP further adjustments have been made to the sources of finance compared to those included in February 2018.
29. These changes relate to updated assumptions about potential growth in Council Tax base and respective income, updating for latest inflation forecasts for Business Rate income and also updated expectations on Business Rate Growth. The Council continues to work closely with District colleagues to inform this financial analysis and as stated in the risks the final estimates for 2019/20 will be provided in January 2019. Table 2 over the page summarises the latest position in relation to this.
30. The consultation document asks for feedback from the public on a proposed 1.99% increase in the County Council's share of Council Tax for general purposes in 2019/20.
31. The Government introduced the flexibility for councils with Adult Social Care (ASC) responsibilities to introduce a 2% precept on Council Tax in December 2015 for the financial year 2016/17. This recognised the increasing cost pressures upon Councils in relation to provision of adult social care. The Council implemented the 2% Adult Social Care precept for 2016/17.
32. It was confirmed by Government that Councils could continue to increase the Adult Social Care precept in 2017/18, 2018/19 and 2019/20. Government stated that Councils had the flexibility to introduce a maximum 6% increase over the three year period. This could have been implemented 3%, 3% and 0% for example, or alternatively 2%, 2% and 2%.

33. In 2017/18 and 2018/19, the Council opted to implement a 2% ASC precept and assumed for budget planning purposes, it would keep the precept at this level for the following year (2019/20). Beyond 2019/20, in the absence of government announcements, no further ASC precept is assumed.
34. In the Autumn Budget Statement 2018, the Government confirmed that nationally an additional £240 million of funding for Adult Social Care for 2018/19 would continue on into 2019/20 along with a further £410 million for adults and children's social care. The impact of this to the Council is an estimated increase in funding of £2.5m and £4.3m respectively, a total of £6.5 million for 2019/20. The Budget set out revised estimates for inflation and these have been reflected in our updated assumptions.

November 2018			
Table 2 Updated Sources of Finance	2019/20 Net (£m)	2020/21 Net (£m)	2021/22 Net (£m)
Council Tax (Increased Growth of 1.4%)	0.000	0.000	0.000
Business Rates (Top up Grant)	0.000	0.000	0.000
Business Rate Pilot (bid to MoHCLG)	0.000	0.000	0.000
Additional Inflation for RPI Increase	0.031	0.027	0.015
Additional Adult Social Care Grant (October 2018)	(2.500)	0.000	0.000
Additional Adult Social Care Grant (2018 Budget)	(4.300)	0.000	0.000
Sources of Finance Total	(6.769)	0.027	0.015

35. The Budget Planning assumptions set out in this report, and in the consultation document, assume Council Tax is therefore increased in total by 3.99% in 2019/20; this is consistent with the Budget agreed for 2018/19 by Council in February 2018.
36. In respect of the County Council's share of Council Tax increases proposed for 2019/20, a 1.99% increase on Band D property is £26.51 per year (51p per week). A 3.99% increase on Band D Property is £53.15 per year (£1.02p per week). The Council Tax payable per Band D property was £1,332.13 in 2018/19, this would increase to £1,385.28 in 2019/20 if the proposals for a 3.99% overall increase are accepted by Council when it considers the Budget and Council Tax Requirement 2019/20 at its meeting in February 2019. In respect of a Band A property, a 1.99% increase is £17.67 per year (34p per week) and a 3.99% increase is £35.43 per year (68p per week).
37. Our financial planning does not assume the additional £4m of Business Rate income in 2019/20 that Cumbria could receive if it is successful in the bid to become a 75% Business Rate pilot. The County Council and the six Districts of Cumbria submitted an application in September 2018 to become a pilot area. An announcement on who has achieved pilot status is expected shortly, and is expected to inform the Local Government Finance Settlement process.

Pressures

38. In determining financial planning assumptions, it is necessary to consider the robustness of the base budget. A budget is a best estimate of the resource requirements at a point in time; however, it is necessary to assess pressures to be addressed. The General Fund Balance provides the ability to meet other risks.
39. Additional pressures for 2019/20 identified at this stage will need to be funded. These pressures are as a result of the 2018/19 Q1 (30 June) Budget Monitoring report considered by Cabinet in September 2018 which has highlighted ongoing cost pressures in particular Directorates.
40. Cabinet is reminded of the principle that has been established in previous years that where a specific grant reduces the service affected is expected to reduce expenditure accordingly. For 2019/20 it is expected that there will be a reduction in the Public Health Grant of £0.486m. This reduction in grant impacts on the Council's ability to provide preventative services, which it sees as being critical to managing the increased demand on services in the future.
41. It is also assumed that the Improved Better Care Fund funding will cease in 2020/21. The additional funding was announced for a three year period in 2018/19 with no indication that it will continue into future years. It is expected at this stage that Adult Social care funding pressures will be resolved in the longer term following government consultations expected shortly.
42. The following pressures have been included in the Revised Budget Gap. Table 3 below summarises the latest position in relation to pressures that are funded in this budget proposal:

Table 3 New Pressures	2019/20 Net (£m)	2020/21 Net £m)	2021/22 Net (£m)
Children Looked After – estimated impact of current number and full year effect of 19/20 (including Legal Fees)	8.000	8.000	8.000
Learning Disability – Transforming Care pressure	1.000	1.000	1.000
Special Educational Needs (SEND) School Transport – estimated impact of current number and full year effect of 19/20	0.600	0.600	0.600
Coroners – Ongoing gap in base budget	0.170	0.170	0.170
Assumed Step Up in Pressures in Years 2 and 3	0.000	5.230	5.230
Total	9.770	15.000	15.000

Further detail setting out the pressures is provided below:

- The Children Looked After pressure relates to children that are accommodated by the Council. The pressure has arisen as a result of the increasing number of children and the related cost of accommodating them. The numbers of children and placement availability is recognised as a national issue with specific pressures on budgets of Children's services for upper tier Councils. An estimated £8m pressure has been identified for 2019/20 to reflect current expenditure and service activity including additional associated legal costs;

- The Transforming Care pressure relates to the ongoing 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. An estimated pressure of £1m has been identified for 2019/20.
- The Special Educational Needs transport pressure relates to the transporting of Children with Special Educational Needs to and from School. A pressure has arisen as a result of the level of service activity and complexity of need, a pressure is being reported in 2018/19 and this will continue and is estimated to be £0.600m for 2019/20.
- Coroners – a systemic budget gap of £0.170m has been recognised.

The pressures referred to above are assumed to be permanent and will be included in 2020/21 and 2021/22 budget gap position.

43. All other demand and cost pressures must be addressed by services in managing their resources in delivering services.
44. As can be seen in Table 3 above provision is being made within the MTFP for an increase in pressures to £15.000m per annum from 2020/21. This is in recognition of the uncertainty in terms of increasing demand for services and cost pressures.

Revised Budget Gap 2019-2022 Updated for Sources of Finance & Pressures

45. The budget gap for 2019–2022 has been updated to reflect the new pressures identified above and the changes to the sources of finance. For 2019/20 the revised budget gap is now **£23m rising to £67m by 2021/22** and is set out in Table 4 below.

November 2018			
Table 4 – Revised Budget Gap – Updated for Sources of Finance & Pressures	2019/20 Net (£m)	2020/21 Net (£m)	2021/22 Net (£m)
Revised Budget Gap (Feb 2018)	19.729	43.501	51.530
Sources of Finance	(6.769)	0.027	0.015
Revised Budget Gap (Nov 2018)	12.960	43.528	51.545
Pressures	9.770	15.000	15.000
Revised Budget Gap (Updated for Sources of Finance & Pressures)	22.730	58.528	66.545

Balancing the Budget

46. In order to achieve a balanced budget for the period of the new MTFP (2019-2022) the Council has been developing saving and income opportunities across a number of themed areas. The Council has been actively planning for continued funding constraint.
47. The process to establish the proposals contained within this report has included the production of proposals by the Council's Extended Leadership Team; extensive engagement with the Leader, Deputy Leader and Portfolio Holders through a series of workshops; engagement with Scrutiny in the Summer. In addition a budget briefing session was provided to Trade Unions in the Autumn.
48. Some of these proposals are new; others are the full year effect of changes already implemented in the current year, and the majority are related to existing programmes of activity. The Council is striving to deliver on its plan to provide key services within its funding envelope.
49. Table 5 below sets thematically the proposals required to meet the budget gap in 2019/20 and present a balanced budget to Council in February 2019. **£22.730m** of proposals have been identified. They have been driven by the thematic work referred to above and for 2019/20 a significant element of the proposals are from 'working together'. These are savings that can be achieved and delivered through applying existing policies and programmes, working together with our partners and through enterprise and efficiency including income generation to keep the impact on service delivery to a minimum. As stated earlier, identifying such proposals is becoming harder. A summary of the individual budget saving proposals are presented in Appendix 1 : MTFP 2019-2022 Proposals.

November 2018			
Table 5 Themed Proposals	2019/20 Net (£m)	2020/21 Net (£m)	2021/22 Net (£m)
Revised Budget Gap (Updated for Sources of Finance & Pressures)	22.730	58.528	66.545
New Programmes			
Enterprise & Efficiency	(3.349)	(3.196)	(3.381)
Working Together	(0.515)	(1.830)	(1.830)
Subtotal	(3.864)	(5.026)	(5.211)
Existing Programmes			
Enterprise & Efficiency	(1.250)	(1.150)	(1.050)
Working Together	(17.616)	(20.386)	(20.386)
Subtotal	(18.866)	(21.536)	(21.436)
Revised Budget Gap (after proposals)	0.000	31.966	39.898

50. There is ongoing work to progress and develop additional proposals to help reduce the budget gap in future years. It will be the ongoing reshaping and transformational change in these areas that will be required to deliver a balanced budget over the remaining two year period and identify the further opportunities to bridge the **remaining gap of £40m** by 2021/22.
51. Not all the savings proposed in the current MTFP are permanent, such is the

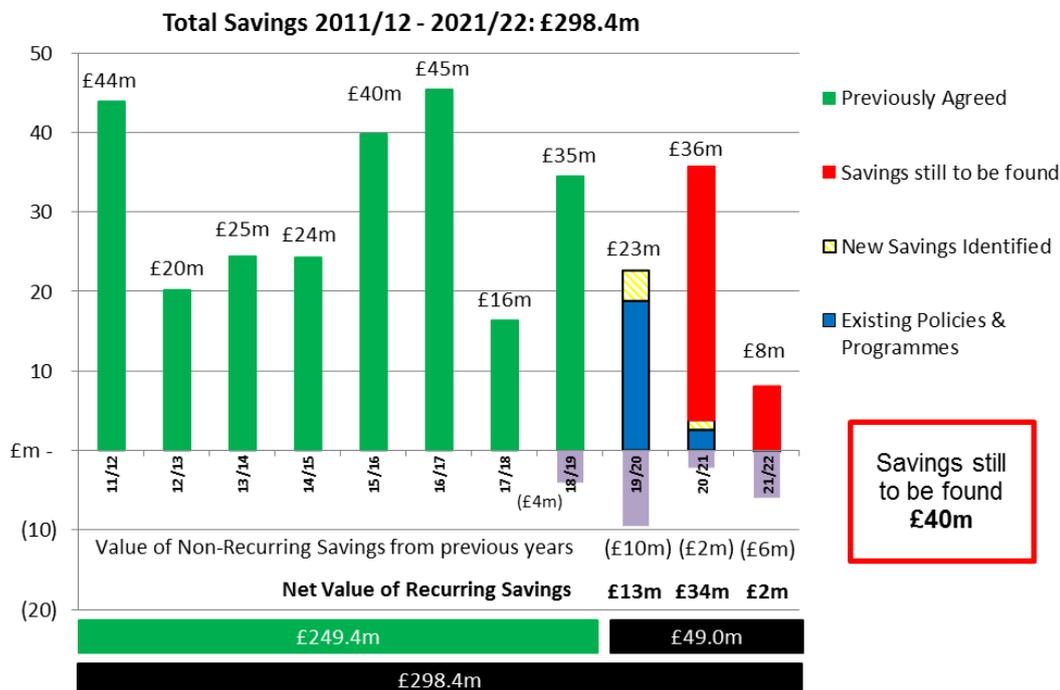
challenge of achieving budget reductions in this context.

52. Taking account of those savings that are only one off and therefore, need to be replaced in future years (£17.538m in total), the savings to be delivered over the next three financial years (2018/19 – 2021/22) are estimated to be £67m.

Table 6 Summary of Savings	2011/12 to 2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total
Existing Savings already identified	249.409				249.409
<i>New savings identified</i>		22.730	3.832	0.085	26.647
<i>Savings still to find</i>		0.000	31.966	7.932	39.898
Total savings required		22.730	35.798	8.017	66.545
Impact of previous years non-recurrent savings		(9.575)	(2.081)	(5.882)	(17.538)
Total Savings	249.409	13.155	33.717	2.135	298.416
Total Savings	249.409	49.007			298.416

53. This results in an estimated total of £298 million of permanent savings required to maintain a balanced budget for the Council over the 11 year period from 2011/12.

54. The extent of the financial sustainability challenge is set out below.



55. There are a number of risks that could impact on the Final Budget Gap position that will be presented to Cabinet and Council in February 2019. These include:

- The Chancellor's Autumn Statement was delivered on the 29th October 2018 and this has been reflected in the Gap, however we are still to receive confirmation of the amounts to be received.
- Draft Local Government Finance Settlement (is due to be announced on 6th December 2018) and associated grant funding announcements;
- The outcome of the 75% Business Rates Retention Pilot application from Cumbria.
- District Council's confirmation of the Business Rate and Council Tax assumptions in January 2019; and
- Q2 budget monitoring position will be reported to Cabinet in December 2018 and any further impact on pressures in respect of the delivery of savings and programmes already assumed in determining the base budget or indeed the step up/continuation of savings will be reviewed.

Consultation and Engagement with the Community

56. The consultation document which will be launched after the Cabinet meeting asks for feedback from the public on the proposed 1.99% increase in Council Tax for general purposes in 2019/20. An increase of 2.00% to support Adult Social Care Services, is also assumed in the Budget Proposal. This is consistent with current 2018/19 Council Tax levels.
57. Many of the budget proposals can be achieved within existing council policies and procedures and they do not impact on front facing services and do not require wider public consultation. The most significant proposals by value relate to Adults and Children's Promoting Independence.
58. The Council is committed to supporting adults to achieve a good quality of life and has a responsibility to ensure that an individual's needs are met. Under the Care Act 2014 the Council has a statutory responsibility to undertake reviews to ensure that provision of care remains appropriate to individuals changing needs and maximises independence. Furthermore in continuing to ensure the provision of appropriate care and support, contributions received from appropriate external funding organisations are also being reviewed.
59. The Council is also committed to ensuring that Children Looked After receive the best start in life and their care needs are appropriately met. Through this piece of work the Council is identifying where children can be more appropriately placed in less complex provision, ensuring better outcomes and efficiency. Alongside the continuing review of needs contributions received from appropriate external funding organisations are also being reviewed.

60. There are a small number of savings that are being proposed that will require specific consultation with customers, providers and other stakeholders who are affected by those changes. This specific consultation will be conducted in a timely manner and the feedback will then be used to help shape and inform any final decisions. Equality Impact Assessments will also be undertaken where relevant and included in the Budget Report to Cabinet in February 2019.

Options Considered and Risks Identified

61. Cabinet may wish to approve, reject or suggest amendments to the proposed approach to meeting the budget challenge and the proposed increases to general Council Tax and the Adult Social Care precept.

Reasons for the Recommendation / Key Benefits

62. In accordance with the Constitution the recommendations have been made to Cabinet to enable decisions to be made to enable the preparation of the 2019 – 2022 MTFP.

Financial - What Resources will be Required and how will it be Funded?

63. The resource and value for money implications are covered throughout this report.

Legal Aspects – What needs to be considered?

64. The decision to commence public consultation on the budget and Council Plan is a matter for Cabinet.
65. It is in line with the statutory division of responsibilities between Cabinet and the Council that the Cabinet prepares the annual budget for approval by the Council. The Cabinet develops and proposes the Council Plan and budget and submits it to the Council for approval.
66. There is a statutory duty (Local Government and Finance Act 1992 (s65)) to consult representatives of non-domestic rate payers each year about the Council's proposals for expenditure. The consultation must take place before setting the council tax precept.
67. The Cumbria Compact (to which the Council is a signatory) commits the Council to involve the community and third sector at the earliest stage of policy development on all relevant issues that affect it.

68. All consultation must be fair, in line with the principles that consultation must be at a time when proposals are still at a formative stage; provide sufficient reasons to permit intelligent consideration and response, present options where these exist and allow adequate time for consideration and response. The product of the consultation must be taken into account in finalising the proposals.

Council Plan Priority – How do the Proposals Contribute to the Delivery of the Council’s Stated Objectives?

69. The report links to the current strategic planning framework for Cumbria, including the delivery of the Council Plan 2018-2022 priorities. The priorities agreed by Council in February 2018, are:

- People in Cumbria are Healthy and Safe
- Places in Cumbria are Well Connected and Thriving
- The Economy in Cumbria is Growing and Benefitting Everyone

70. The effective management of financial resources is a requirement for making informed decisions when planning and delivering Council services.

What is the Impact of the Decision on Health Inequalities and Equality and Diversity Issues?

71. The Impact on Health Inequalities and Equality and Diversity has been considered as part of the budget development process and will continue to be kept under review as the budget continues to be developed.

Further Information and Background Documents

Appendix 1 : MTFP 2019-2022 Proposals

Electoral Division(s): All

Executive Decision	Key Decision Included in Forward Plan	Exempt from call-in	Exemption agreed by scrutiny chair	Considered by scrutiny, if so detail below	Environmental or sustainability assessment undertaken?	Equality impact assessment undertaken?
Yes	Yes	No	N/A	No	N/A	No

Previous relevant Council or Executive decisions

None

Consideration by Overview & Scrutiny

None – to be considered at Scrutiny Management Board 3rd December 2018.

Background Papers

County Council – 18th February 2018, Revenue Budget 2018/19 and Medium Term Financial Plan (2018-2022) and Draft Capital Programme (2018-2022)

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Appendix 1 : MTFP 2019-2022 Proposals

New Proposals	Ways of Working	Description	2019/20 £m	2020/21 £m	2021/22 £m
Corporate Financing - Second Homes Agreement with District Councils not renewed	Enterprise and Efficiency	The 10 year agreement with the District Councils which incentivised the Districts to consider a reduction in the discount on Council Tax on Second Homes comes to an end on 31st March 2019 and will not be renewed. District Councils were informed early in the year.	(1.358)	(1.358)	(1.358)
Corporate Financing - Externalisation of Borrowing	Enterprise and Efficiency	The Council has used internal cash balances to fund approved borrowing for capital purposes in recent years. However this temporary arrangement has been subject to annual review and some externalisation of borrowing has occurred in 2018/19. As borrowing rates are lower than originally budgeted this creates a permanent saving from the £90m of externalised borrowing and this has been reported to Cabinet and Council.	(1.530)	(1.530)	(1.530)
Income Generation - Remodelling Workforce Learning Function	Enterprise and Efficiency	The Council's Workforce Learning function is being redesigned to have capacity and capability to generate income from commercial activity whilst at the same time reducing the use of externally commissioned organisations to provide training.	(0.090)	(0.027)	(0.212)
Income Generation - Increase in advertising revenue	Enterprise and Efficiency	To generate income from advertising space on roundabouts and digital signage	(0.030)	(0.100)	(0.100)
Income Generation - Registrars	Enterprise and Efficiency	To support Cumbria's economy through the development of a comprehensive wedding ceremony offer, capitalising on the Lake District National Park's recent inscription to World Heritage Site Status.	(0.081)	(0.081)	(0.081)
Income Generation - Car Parks	Enterprise and Efficiency	Design, build and operate car parks on behalf of external partners.	(0.100)	(0.100)	(0.100)
Income Generation - Works for external partners	Enterprise and Efficiency	Undertaking commercial design and build work on behalf of external partners.	(0.160)	0.000	0.000
Service Redesign - Early Help and 0 19 Healthy Child Programme Integration	Working Together	Redesign and integration of Healthy Child and Early Intervention Programmes to achieve better outcomes for families and efficiency of service delivery	(0.375)	(1.500)	(1.500)
Service Redesign - Residential Care - Children's Investment in 2 x 4 bed residential care provision for Children Looked After	Working Together	Increased Residential provision for young people reducing the cost of existing provision whilst providing better outcomes for young people.	(0.140)	(0.330)	(0.330)
Total New Proposals			(3.864)	(5.026)	(5.211)

Appendix 1 : MTFP 2019-2022 Proposals

Existing Programmes	Ways of Working	Description	2019/20 £m	2020/21 £m	2021/22 £m
Administration and Process Review in Adults - assessment of contributions	Enterprise and Efficiency	Continued application of existing charging policy to ensure that people who are assessed as being able to contribute to their care contribute accordingly.	(0.800)	(0.800)	(0.800)
Contract Efficiency - HWRC Permit Line	Enterprise and Efficiency	Bring in house the Permit Line which has been managed and administered by Cumbria Waste Management. This has been agreed with Cumbria Waste Management.	(0.050)	(0.050)	(0.050)
Contract Efficiency - Waste contract savings	Enterprise and Efficiency	Savings to be achieved through utilising capacity within the existing Waste Contracts.	(0.400)	(0.300)	(0.200)
Promoting Independence - Adults	Working Together	The Council is committed to supporting adults to achieve a good quality of life and will always ensure that an individuals needs are met. Under the Care Act 2014 the Council has a statutory responsibility to undertake reviews to ensure that provision of care remains appropriate to individuals changing needs and maximises independence. Alongside the continuing review of needs contributions received from appropriate external funding organisations are also being reviewed.	(15.389)	(17.330)	(17.330)
Promoting Independence - Children	Working Together	The Council is committed to ensuring that Children Looked After receive the best start in life and their care needs are appropriately met. Through this piece of work the Council is identifying where children can be more appropriately placed in less complex provision, ensuring better outcomes and efficiency. Alongside the continuing review of needs contributions received from appropriate external funding organisations are also being reviewed.	(2.119)	(2.740)	(2.740)
Service Redesign - Substance misuse services	Working Together	Reprocure existing contract for a 12 month period to allow for a redesign process for future years with a reduction in non-clinical services.	(0.108)	(0.316)	(0.316)
Total Existing Programmes			(18.866)	(21.536)	(21.436)
Grand Total			(22.730)	(26.562)	(26.647)