

**MEDIUM TERM FINANCIAL PLAN  
2019 - 2022**

**(Council 14<sup>th</sup> February 2019)**

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## Foreword by Councillor Peter Thornton, Deputy Leader of the Council and Cabinet Member for Finance

Uncertainty: Surely the theme of 2019? Small local businesses, multinationals, and councils, we are all struggling to predict the unpredictable. Listing the “Known Known’s”, estimating the “Known Unknown’s” and worrying about the “Unknown Unknown’s”.

We finally received confirmation of our “settlement” from Government on 29<sup>th</sup> January 2019

We are awaiting a number of Government reforms which will impact on how we provide our frontline services over the next few years. The Fair Funding Review consultation closed last March but we are still awaiting the detail of how this will impact the Council. Business Rate Retention Reform will form part of the future funding for the Council from 2020/21 but this is out for consultation so we do not know how much funding that will provide. The Green Paper on Social Care for Adults was due over 6 months ago and has yet to be published.

Dealing with all of these uncertainties we must plan for the next three years, for there are some things of which we **are** certain.

We will still be looking after around 8,000 frail elderly residents and vulnerable adults and will still be challenged with children who are at risk and who may need to be taken into care.

Our 4,900 miles of roads will need to be maintained. Snow will fall, and will need to be cleared with each full run of our gritters equalling the distance from Carlisle to Barcelona.

It will rain, we just don’t know how much. Our 1775 bridges may need attention. Potholes will appear and will need to be fixed. Gullies will block and need to be cleaned.

322 schools, including Academies; will open for 190 days and will provide education to over 69,000 pupils.

This year we will open two newly built Care Homes, one in Carlisle and one in Copeland. Our Fire and Rescue Service will trial smaller more agile Rapid Response Vehicles that are more suitable to the risk, demand and geography of our county and be challenged by about 11 emergencies every day and put out around 700 fires.

All of this will cost over £800 million over the next 12 months and this budget sets out how we will pay for these services and how we will make another £50 million of savings. In order to control demand for our services, we will reshape them for the

modern world and drive efficiencies by moving many of our transactional services online. We know this is how our residents want to do business with us. Out of the 208 Budget Consultation survey responses we received, 199 were submitted online and only 9 on paper. That is a 96% response rate online, the figures speak for themselves.

On a positive note, I'm pleased to say there are other certainties that we can set against the turmoil surrounding us.

We have dedicated and skilled Council staff, who come to work every day determined to deliver for the people of Cumbria. They are an asset beyond price.

Cumbria has 6 District Councils, 268 Parish Councils and a strong voluntary sector all working with us and enabling every community to have a distinctive voice. We are strengthening our partnerships as together we can deliver far more than we can if we work alone.

And finally: We have the people of Cumbria. Strong, self-reliant, demanding, giving and hard-working. That is the most important certainty in this uncertain world! We exist to serve our people and our communities and this budget will help to enable our county of Cumbria to thrive and survive.

Councillor Peter Thornton  
Deputy Leader of the Council  
Portfolio Holder for Finance

## Shaping Our Financial Future

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

If we are to deliver on this commitment then the Council must do things differently. Our Council Plan highlights the many challenges ahead of us, as well as the many opportunities for doing things differently. We must make the most of these new opportunities, work with local communities and residents, utilise the latest technology and maximise the talent of the council's workforce.

The plan sets out the Council's vision, the outcomes we want to achieve for the people of Cumbria and the approaches we will use to achieve these outcomes.

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.***

By putting customers at the heart of everything we do we will work to ensure:

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

We will achieve this by focusing on these core principles:

- Supporting communities to thrive
- Focusing on the most vulnerable
- Promoting independence and managing demand

### 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 three year period 2019 – 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 four years 2018-2022 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.

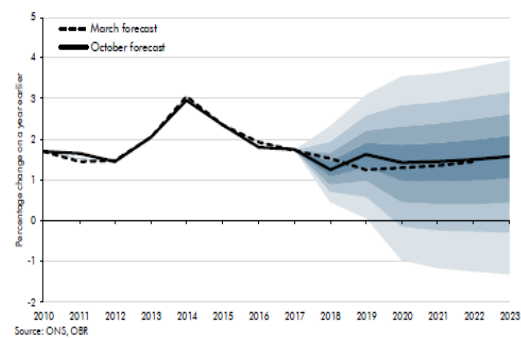
# Investing in Our Future

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

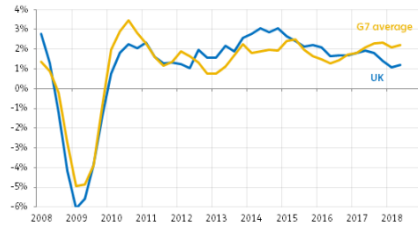
In the Chancellor’s third budget (second autumn budget) and his last before the UK’s exit from the European Union, Phillip Hammond stated that as the UK prepares to leave the EU, the government is taking further steps to ensure a positive future by investing in public services, supporting businesses, and boosting living standards across the country.

GDP is expected to grow by 1.3% in 2018, a weak first quarter due to the snowy conditions, resulted in lower growth than anticipated early in 2018. The Office for Budget Responsibility (OBR) forecast annual GDP growth for 2019 of 1.6%, 1.7% for 2020 and 1.8% for 2021, these are all higher than previously anticipated.



### UK economic growth within the G7

UK and G7 average Gross Domestic Product (GDP) growth, percentage change from same period in previous year, quarterly data



\* G7 (Group of Seven) economies = Canada, France, Germany, Italy, Japan, UK and USA

Source: OECD (2018), Quarterly GDP (indicator), doi:10.1787/b86d11fc8-en

For the first six months of 2018, the UK was one of the slowest growing economies in the G7. This is a turnaround from the growth seen between 2013 and 2016, where the UK was one of the fastest. Anticipation of Brexit may be one factor to explain the slow growth in 2017 and weather the beginning of 2018. Forecasts suggest that 2019, 2020 and 2021 will see this improve.

The Autumn Budget did not provide much detail about the impact of Brexit on the economy although £3bn was put aside for mitigations. A breakdown of £1.52bn departmental allocations for 2018/19 remains unchanged from the Spring Statement. However following the parliamentary debate, the Chancellor announced on 18<sup>th</sup> December 2018, that Treasury is to begin allocating a further £2bn to government departments to fund emergency planning for an abrupt departure from the EU.

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 16<sup>th</sup> November 2016 the Council received confirmation from DCLG that its Efficiency Strategy, agreed by Cabinet on 20<sup>th</sup> October 2016, had been accepted and the Council was now formally on the Multiyear settlement covering the three years 2017/18 to 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 2019/20 to 2021/22, therefore only one year 2019/20 is covered by the period of the multiyear settlement. The Council therefore has made a number of assumptions for the two additional financial years not covered by the settlement:

- The continuation of funding from Business Rates consistent with the current 50% Business Rates Retention System, i.e. receive no less funding from business rates than under the current 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. At the same time the Provisional Local Government Finance Settlement was published on 13 December 2018 the Government published two consultations.

The first relating to business rates retention reform which seeks views on proposals for sharing risk and reward, managing volatility in income and setting up the reformed business rates retention system assuming 75% retention of business rates locally. The second is a review of local authorities' relative needs and resources which seeks views on the approach to measuring the relative needs and resources of local authorities, which will determine new baseline funding allocations for local authorities in England in 2020/21. Both of the consultations close on 21<sup>st</sup> February 2019. The Council intends to respond to these and the MTFP will be updated in future years as more information becomes available.

## The Local Picture

In February 2019 Council is being asked to agree a balanced budget for 2019/20. The impact of the national funding reductions has resulted in the Council having to identify savings of £249.4m between 2011/12-2018/19, and a further £46.9m of savings in 2019/20 - 2021/22, giving a total of £296.4m as identified in the chart overleaf:

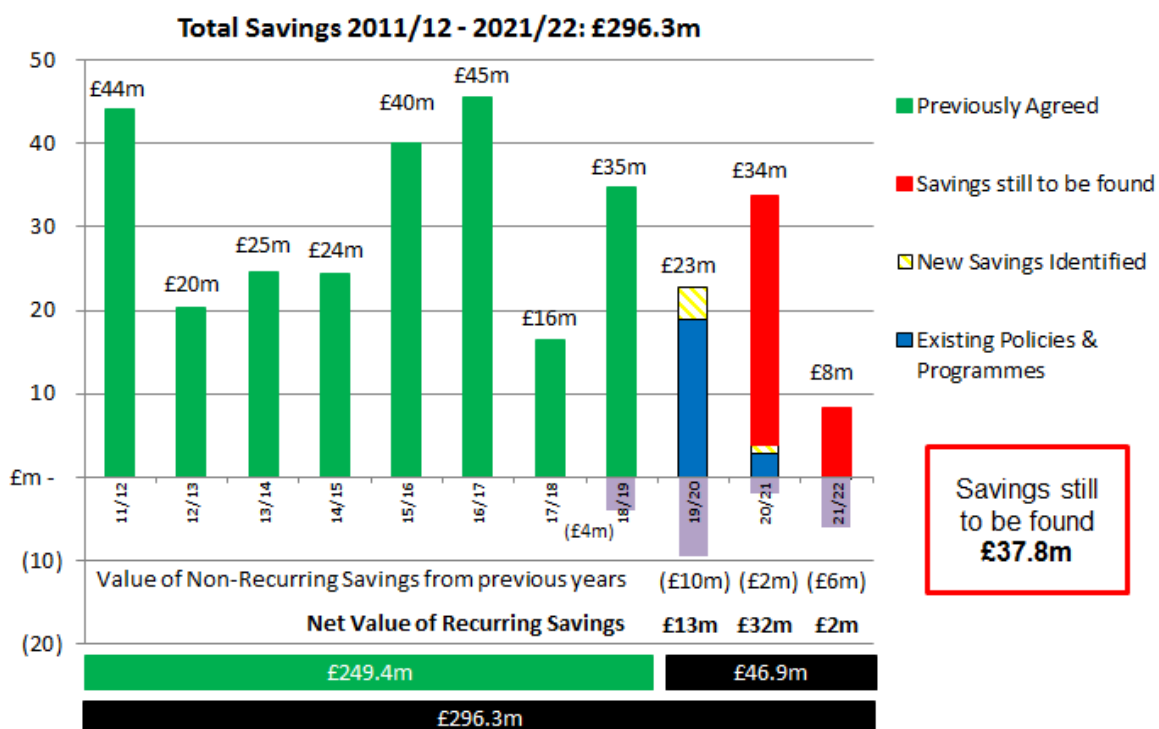


Chart 1 – Savings, 2011/12 to 2021/22

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:

- Cumbria was not selected as one of the 15 areas to become a 75% Business Rates Retention Pilot in 2019/20. In total there were 35 applications to become pilot.
- Reductions to the Revenue Support Grant continue; Revenue Support Grant in 2012 was £148m and in 2019/20 the draft settlement is £17.757m; this is fully consistent with our existing MTFP projections.
- The General Council Tax referendum threshold has been increased to 3% for 2019/20, in line with last year.
- There has been an additional £180m of one off funding announced for 2019/20 only, funded from the surplus on the Business Rates Retention levy/safety net account, this was unexpected. This has been provisionally allocated via the 2013/14 Settlement Funding Amount allocations; this is an additional £1.341m for the Council, this was not included in our original MTFP assumptions.
- The level of Rural Services Delivery Grant has been increased nationally for 2019/20 by £16m; this is an increase of £1.147m for the Council compared to the original MTFP assumptions.
- In September HM Treasury announced changes to the discount rate for unfunded public sector pensions (including fire), this results in increased

employer contributions from 1 April 2019 estimated at £1.168m, this is to be part funded by a S31 Grant for 2019/20 only, which is confirmed as £1.075m

- Reductions to the Revenue Support Grant continue; Revenue Support Grant in 2012 was £148m and in 2019/20 the draft settlement is £17.757m; this is fully consistent with our existing MTFP projections.

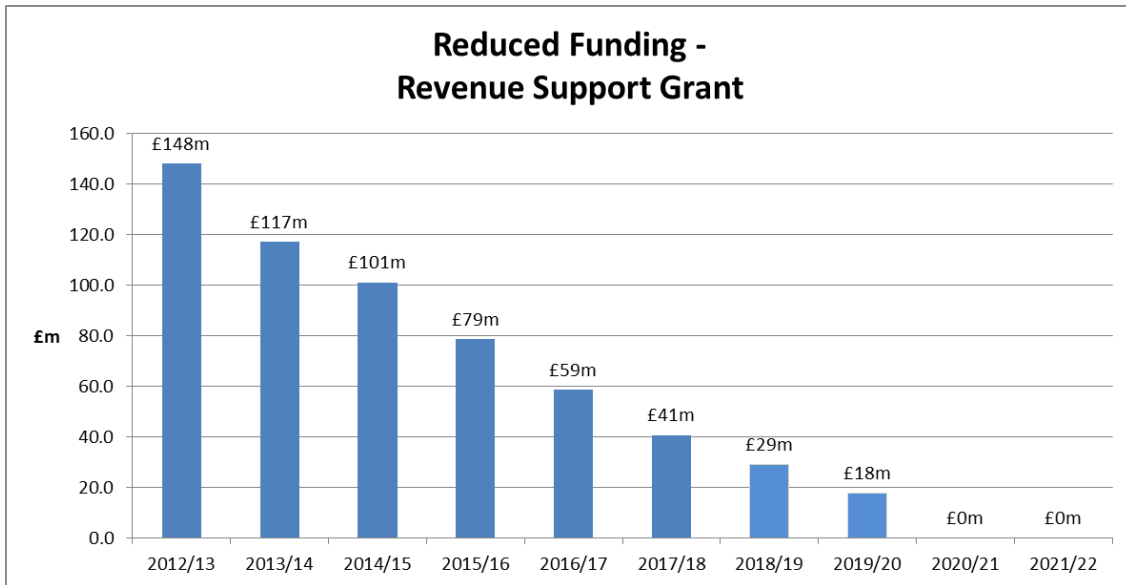


Chart 2 – RSG, 2012/13 to 2021/22

The MTFP (2019-2022) assumes the following core sources of finance (excluding service specific grants and income as follows:-

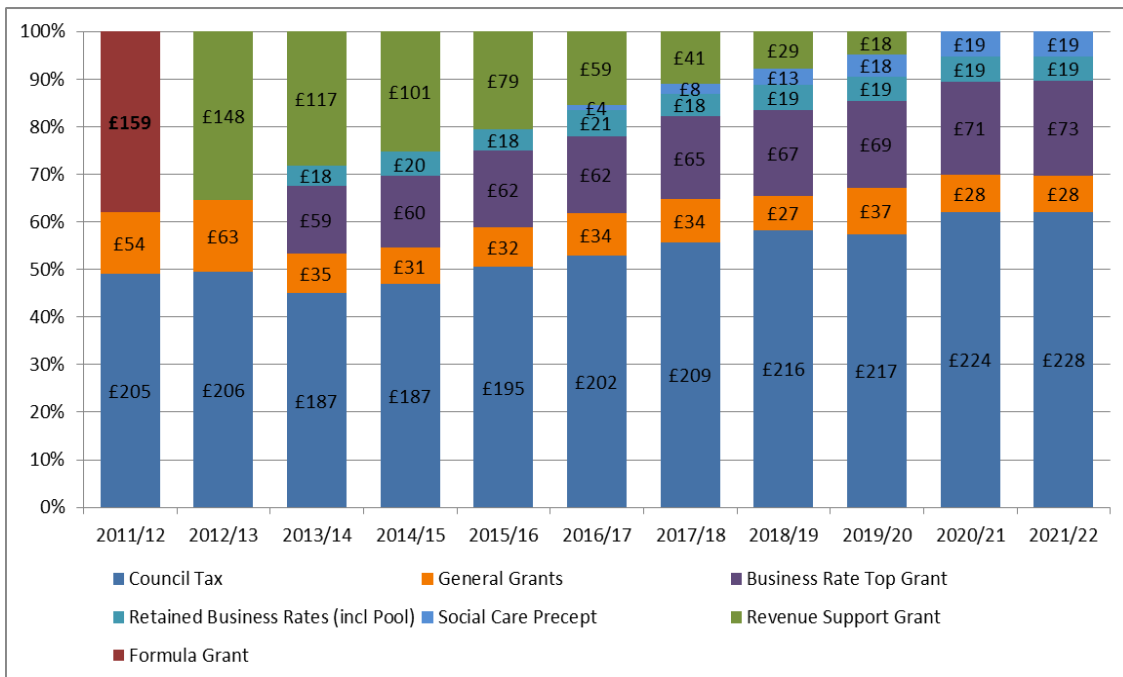
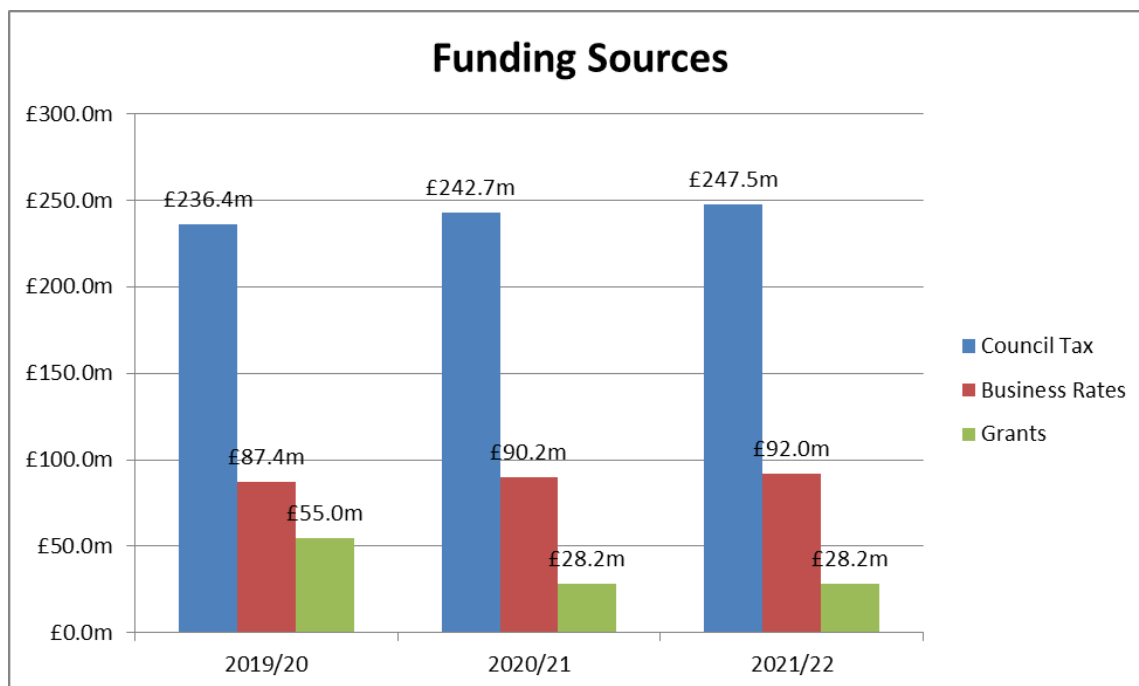


Chart 3 – All Funding Sources to support Net Budget 2011/12-2021/22

## What are the Council’s Revenue Spending Plans?

The Net Revenue Budget for 2019/20 is £379m. 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 2019/20 is £236.497m. 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 4 – 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 2019/20 and provisional spending plans for 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 &amp; Council Tax

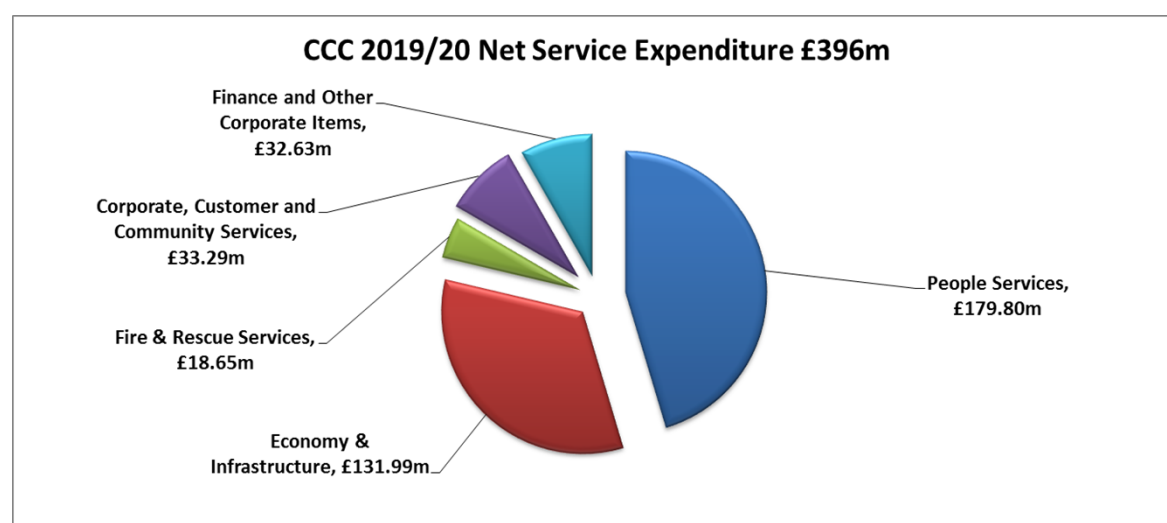
<b>REVENUE BUDGET SUMMARY</b>				
2018/19		2019/20	2020/21	2021/22
Budget		Budget	Budget	Budget
£000		£000	£000	£000
	<b>Directorate Budgets:</b>			
186,532	People	179,802	179,902	178,653
122,261	Economy & Infrastructure	126,145	126,323	126,519
16,829	Fire & Rescue Services	18,646	18,556	18,526
7,936	Local Committees	7,938	7,938	7,938
29,389	Corporate, Customer & Community	31,199	31,322	31,328
23,658	Finance	24,154	27,344	34,154
6,382	Other Items Charged Corporately	8,480	8,480	8,480
<b>392,987</b>	<b>Service Expenditure</b>	<b>396,364</b>	<b>399,865</b>	<b>405,598</b>
	<b>Corporate Budgets:</b>			
(32,454)	Depreciation Charges to Services	(34,867)	(34,867)	(34,867)
827	Precepts paid	843	843	843
13,988	Inflation and Contingency 2019/20	13,988	23,547	32,425
	Inflation and Contingency 2020/21			
	Inflation and Contingency 2021/22			
<b>(17,639)</b>	<b>Total Corporate Budgets</b>	<b>(20,036)</b>	<b>(10,477)</b>	<b>(1,599)</b>
	<b>Savings to Identify:</b>			
0	Savings to identify from 2018/19	0	0	0
0	Savings to identify from 2019/20		(29,844)	(29,844)
0	Savings to identify from 2020/21			(7,993)
0	Savings to identify from 2021/22			
<b>0</b>	<b>Total Savings to Identify</b>	<b>0</b>	<b>(29,844)</b>	<b>(37,837)</b>
(4,543)	Contribution to/(from) Earmarked Reserves	2,427	1,549	1,549
0	Contribution to/(from) General Balances	0	0	0
<b>370,805</b>	<b>NET BUDGET</b>	<b>378,755</b>	<b>361,093</b>	<b>367,711</b>
	<b>Sources of Finance:</b>			
(28,943)	Revenue Support Grant	(17,757)	0	0
(26,914)	General Grants	(37,258)	(28,246)	(28,246)
(18,638)	Retained Business Rates	(17,973)	(18,333)	(18,699)
(67,096)	Top-up Funding	(68,694)	(71,164)	(72,588)
(700)	Pooled Business Rates	(700)	(700)	(700)
(3,209)	(Surplus)/Deficit on Collection Fund	124	0	0
<b>(145,500)</b>	<b>Total Sources of Finance</b>	<b>(142,258)</b>	<b>(118,443)</b>	<b>(120,233)</b>
<b>225,305</b>	<b>TOTAL COUNCIL TAX REQUIREMENT</b>	<b>236,497</b>	<b>242,650</b>	<b>247,478</b>
169,131	Divide by Council Taxbase (revised as per Local Council Tax Support Schemes)	170,721	171,745	171,745
<b>£1,332.13</b>	<b>Council Tax per Band D Property</b>	<b>£1,385.28</b>	<b>£1,412.85</b>	<b>£1,440.96</b>
1.99%	General Percentage Council Tax Increase	1.99%	1.99%	1.99%
2.00%	Additional precept for Adult Social Care	2.00%	0.00%	0.00%
<b>3.99%</b>	<b>Percentage Council Tax Increase</b>	<b>3.99%</b>	<b>1.99%</b>	<b>1.99%</b>

The net service expenditure has increased from 2018/19 to 2019/20 by £3.377m. 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 the Table 2 below.

**Table 2 : Change in Net Service Expenditure**

	£m
<b>2018/19 Budget Net Service Expenditure</b>	<b>392.987</b>
Reduction in drawdown from earmarked reserves	(0.079)
Increases to capital charges (depreciation)	2.413
Increase in General Grants	0.012
Increases due to allocation of inflation	9.845
Increased savings due to step ups from previous years	2.978
New savings	(22.730)
New pressures	10.938
<b>Total Change from 2018/19 Budget</b>	<b>3.377</b>
<b>2019/20 Budget Net Service Expenditure</b>	<b>396.364</b>

As set out in the previous table the Council's Net service expenditure budget 2019/20 is £396m, the chart below summarises how this is allocated to services totalling £396m.



**Chart 5 – 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 2019 a budget gap existed for the remaining two years of the 2019 - 2022 MTFP (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 2019/20.

## 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 2019/20, these are set out 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
- Fire and Rescue Services - In September HM Treasury announced changes to the national discount rate for unfunded public sector pensions (including fire), this results in a pressure of £1.168m for increased employer contributions.

**Table 3 : Spending Pressures**

<b>New Spending Pressures</b>	<b>2019/20 Net (£m)</b>	<b>2020/21 Net £m)</b>	<b>2021/22 Net (£m)</b>
Children Looked After – estimated impact of current number and full year effect in 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 in 19/20	0.600	0.600	0.600
Coroners – Ongoing gap in base budget	0.170	0.170	0.170
Fire and Rescue Services – Discount rate change leading to increase in employer pension contribution rates	1.168	1.168	1.168
<b>Total Spending Pressures</b>	<b>10.938</b>	<b>10.938</b>	<b>10.938</b>

## Inflation & Contingency

The three year budgets include an increase for inflation to ensure that the future cost 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 4 below shows the assumptions for inflation that have been used in developing the 2019/20 – 2021/22 budgets:

**Table 4 : Inflation Assumptions 2019 - 2022**

	<b>2019/20 %</b>	<b>2020/21 %</b>	<b>2021/22 %</b>
Pay Award (estimated)	2.0	2.0	2.0
CPI – October 2018	2.5	n/a	n/a
CPI forecast (Office for Budget Responsibility Nov 18)	1.9	2.1	2.1
RPI forecast (Office for Budget Responsibility Nov 18)	3.0	3.1	3.1
Foster Carer Fees and Allowances - linked to CPI	1.9	2.1	2.1
Utilities	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 2018 forecast that RPI would fall in 2019/20 to 3.0%, and then rise again to 3.1% by 2022 (1.9% for CPI for 2019/20, rising to 2.1% 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.



**Residential Care Independent sector rates** - In 2018/19 commissioners implemented 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. The new contracting arrangements operate as an Approved Provider list.

It is envisaged that the following changes to the rates payable per week to independent residential care and nursing providers are implemented from the first Monday in April.

**Table 5 : Independent Sector Care Bandings**

<b>NEW CARE BANDINGS</b>	<b>2018-19 Fee Rates (excluding nursing costs)</b>	<b>2019-20 Proposed new banding rate (April 19)</b>	<b>£ Inc</b>	<b>% Inc</b>
Residential	£500	£520	£20	4%
Physically Frail –Residential and nursing	£580	£603	£23	4%
Residential dementia	£605	£629	£24	4%
Nursing dementia	£620	£645	£25	4%

It is envisaged these rates are only available to those providers who are on the Approved Provider list. Providers who elected not to become part of the approved list retained their existing prices and will not receive the updated fee rates.

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 2019/20. This will be the equivalent to the pay increase of 2%. 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**

<b>CUMBRIA CARE BANDINGS</b>	<b>2018/19 Fee Rates</b>	<b>2019/20 Proposed Fee Rates</b>	<b>£ Inc</b>	<b>% Inc</b>
Residential Standard	£640	£653	£13	2%
Physically Frail	£679	£693	£14	2%
Residential Dementia	£744	£759	£15	2%

The revenue contingency budget to deal with (one off) in-year pressures if/when they arise is £1.5m each year of the MTFP 2018-2022.

## 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 £9.575m for 2019/20.

The reason for the net reduction in savings is due to the fact that many of the savings in 2018/19 were included as one off savings in that year and hence do not continue into 2019/20. This includes the Interest and MRP savings, inflation savings, contract management savings and the use of Earmarked reserves.

Other savings do increase for 2019/20 and they are shown as the step ups in the table overleaf.

**Table 7 : Existing MTFP Savings**

Directorate	Saving	2019/20 £m	2020/21 £m	2021/22 £m
<b>Reduction of Existing One Off Savings</b>				
Finance	Extend the years over which the Minimum Revenue Provision (MRP) is accounted for from 2017/18 onwards.	0.400	0.400	0.400
Finance	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.	0.000	3.190	10.000
Finance	Treasury management savings from continuing the Council's policy of utilising a level of internal borrowing to finance capital investment in year.	1.500	1.500	1.500
<b>Finance Sub total</b>		<b>1.900</b>	<b>5.090</b>	<b>11.900</b>
Economy & Infrastructure	Full cost recovery for internal costs associated with property disposals.	0.168	0.168	0.168
Economy & Infrastructure	One off saving for contract management in 2018/19	3.000	3.000	3.000
<b>Economy &amp; Infrastructure Sub total</b>		<b>3.168</b>	<b>3.168</b>	<b>3.168</b>
Corporate, Customer & Community Services	Reviewing purchasing policies for library stock to reflect the changing needs of users resulting in reduced spend on the 'Book fund'.	0.013	0.019	0.025
Corporate, Customer & Community Services	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	0.300	0.300
<b>Corporate, Customer &amp; Community Services Sub total</b>		<b>0.313</b>	<b>0.319</b>	<b>0.325</b>
Corporately Charged	Additional saving due to reduced annual pension deficit payment	0.150	0.150	0.150
Corporately Charged	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	0.050	0.050
<b>Corporately Charged Sub total</b>		<b>0.200</b>	<b>0.200</b>	<b>0.200</b>
Inflation	Reduced overall inflation budget following updated inflation forecasts and review of costs to which inflation is applied.	2.360	2.360	2.360
<b>Inflation Sub total</b>		<b>2.360</b>	<b>2.360</b>	<b>2.360</b>

Directorate	Saving	2019/20 £m	2020/21 £m	2021/22 £m
EMR	One off Transfer from Earmarked Reserves of MRP Saving from 2017/18.	6.404	6.404	6.404
EMR	Release of 2017/18 Business Rate Pool Volatility Earmarked Reserve following formation of the new Cumbria Business Rates Pool for 2018/19.	0.346	0.346	0.346
<b>EMR Sub total</b>		<b>6.750</b>	<b>6.750</b>	<b>6.750</b>
<b>Step up in Existing Savings</b>				
People	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	(0.315)	(0.315)	(0.315)
People	Working with partners to ensure appropriate funding of costs by relevant partners is recognised to ensure a joined up approach to service provision.	(0.400)	(0.400)	(0.400)
People	Above inflationary increases to recover administration costs for deferred payments.	(0.012)	(0.025)	(0.025)
People	Invest in international recruitment of social workers to reduce the cost of agency staff in Children and Families services.	(0.050)	(0.050)	(0.050)
People	Review of commissioning, procurement and management of activities in Children and Families services.	(0.990)	(1.990)	(2.990)
<b>People Sub total</b>		<b>(1.767)</b>	<b>(2.780)</b>	<b>(3.780)</b>
Economy & Infrastructure	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.	(0.013)	(0.025)	0.071
Economy & Infrastructure	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.	(0.700)	(0.700)	(0.700)
<b>Economy &amp; Infrastructure Sub total</b>		<b>(0.713)</b>	<b>(0.725)</b>	<b>(0.629)</b>
Corporate, Customer & Community Services	Savings through reduced costs from changes in the provision of the primary data centre and to the provision of end-user ICT equipment.	(0.085)	(0.085)	(0.085)
Corporate, Customer & Community Services	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.	(0.171)	(0.171)	(0.171)
Corporate, Customer & Community Services	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.	(0.680)	(0.680)	(0.680)
<b>Corporate, Customer &amp; Community Services Sub total</b>		<b>(0.936)</b>	<b>(0.936)</b>	<b>(0.936)</b>
Fire & Rescue Services	Reduction in employer pensions costs reflecting forecast staffing levels.	0.000	(0.090)	(0.120)
<b>Fire &amp; Rescue Services Sub total</b>		<b>0.000</b>	<b>(0.090)</b>	<b>(0.120)</b>
Corporately Charged	Pension prepayment - dependant on Actuarial approval	(0.250)	(0.250)	(0.250)
Corporately Charged	Pension prepayment - change to original saving	(0.100)	(0.100)	(0.100)
<b>Corporately Charged Sub total</b>		<b>(0.350)</b>	<b>(0.350)</b>	<b>(0.350)</b>

Directorate	Saving	2019/20 £m	2020/21 £m	2021/22 £m
Inflation	Additional Inflation Savings £2m per annum (Cumulative is £4m)	(1.300)	(1.300)	(1.300)
Inflation	Reduction of Pension Pressure funded through inflation	(0.050)	(0.050)	(0.050)
<b>Inflation Sub total</b>		<b>(1.350)</b>	<b>(1.350)</b>	<b>(1.350)</b>
<b>Total Changes in Existing Savings</b>		<b>9.575</b>	<b>11.656</b>	<b>17.538</b>
<i>Difference between years</i>			<b>2.081</b>	<b>5.882</b>

## New Savings

(£22.730m) of new savings have been identified in 2019/20.

**Table 8 : Savings**

Theme	2019/20 Net (£m)	2020/21 Net (£m)	2021/22 Net (£m)
<b>New Programmes</b>			
Enterprise & Efficiency	(3.349)	(3.196)	(3.381)
Working Together	(0.515)	(1.830)	(1.830)
<b>Subtotal</b>	<b>(3.864)</b>	<b>(5.026)</b>	<b>(5.211)</b>
<b>Existing Programmes</b>			
Enterprise & Efficiency	(1.250)	(1.150)	(1.050)
Working Together	(17.616)	(20.386)	(20.386)
<b>Subtotal</b>	<b>(18.866)</b>	<b>(21.536)</b>	<b>(21.436)</b>
<b>Total New Savings identified</b>	<b>(22.730)</b>	<b>(26.562)</b>	<b>(26.647)</b>
<i>Change between years</i>	<i>0</i>	<i>(3.832)</i>	<i>(0.085)</i>

The savings are split between New Proposals and Existing Programmes and across 2 of the 4 themes that are key to achieving the Council's vision and outcomes. Appendix 1 sets out the MTFP 2019-2022 proposals as summarised in the tables below.

## New Proposals

There are new proposals of £3.864m for 2019/20, which are set out below:

**Table 9 : New Proposals**

Directorate	Saving	2019/20 £m	2020/21 £m	2021/22 £m
Finance	Corporate Financing - Second Homes Agreement with District Councils not renewed	(1.358)	(1.358)	(1.358)
Finance	Corporate Financing - Externalisation of Borrowing	(1.530)	(1.530)	(1.530)
People	Income Generation - Remodelling Workforce Learning Function	(0.090)	(0.027)	(0.212)
Economy and Infrastructure	Income Generation - Increase in advertising revenue	(0.030)	(0.100)	(0.100)
People	Income Generation - Registrars	(0.081)	(0.081)	(0.081)
Economy and Infrastructure	Income Generation - Car Parks	(0.100)	(0.100)	(0.100)

Economy and Infrastructure	Income Generation - Works for external partners	(0.160)	0.000	0.000
	<b>Total Enterprise and Efficiency Savings</b>	<b>(3.349)</b>	<b>(3.196)</b>	<b>(3.381)</b>
		<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>Directorate</b>	<b>Saving</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
People	Service Redesign - Early Help and 0 19 Healthy Child Programme Integration	(0.375)	(1.500)	(1.500)
People	Service Redesign - Residential Care - Children's Investment in 2 x 4 bed residential care provision for Children Looked After	(0.140)	(0.330)	(0.330)
	<b>Total Working Together Savings</b>	<b>(0.515)</b>	<b>(1.830)</b>	<b>(1.830)</b>
	<b>Total New Programmes</b>	<b>(3.864)</b>	<b>(5.026)</b>	<b>(5.211)</b>
	<b>Change between years</b>	<b>0</b>	<b>(1.162)</b>	<b>(0.185)</b>

### Existing Programme Proposals

There are savings of (£18.866m) for 2019/20 from existing programmes which are set out below:

**Table 10 : Existing Programmes**

		<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>Directorate</b>	<b>Saving</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
People	Administration and Process Review in Adults - assessment of contributions	(0.800)	(0.800)	(0.800)
Economy and Infrastructure	Contract Efficiency - HWRC Permit Line	(0.050)	(0.050)	(0.050)
Economy and Infrastructure	Contract Efficiency - Waste contract savings	(0.400)	(0.300)	(0.200)
	<b>Total Enterprise and Efficiency Savings</b>	<b>(1.250)</b>	<b>(1.150)</b>	<b>(1.050)</b>
People	Promoting Independence - Adults	(15.389)	(17.330)	(17.330)
People	Promoting Independence - Children	(2.119)	(2.740)	(2.740)
People	Service Redesign - Substance misuse services	(0.108)	(0.316)	(0.316)
	<b>Total Working Together Savings</b>	<b>(17.616)</b>	<b>(20.386)</b>	<b>(20.386)</b>
	<b>Total Existing Programmes</b>	<b>(18.866)</b>	<b>(21.536)</b>	<b>(21.436)</b>
	<b>Change between years</b>	<b>0</b>	<b>(2.670)</b>	<b>0.100</b>

### 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 11 : Precepts paid**

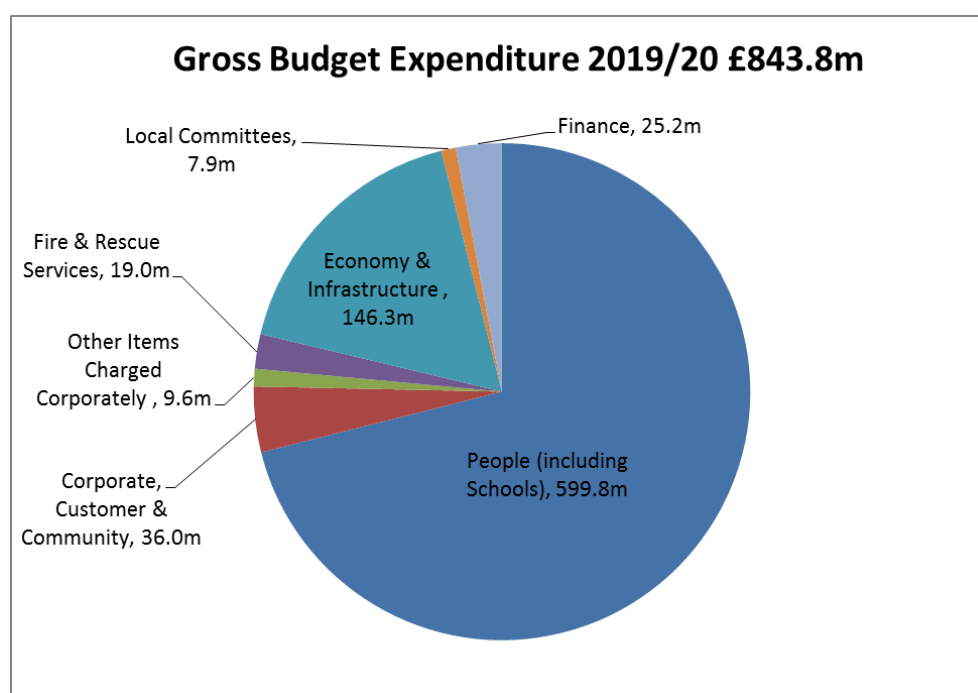
<b>Precepting Body</b>	<b>2019/20 £m</b>
Environment Agency	0.317
North West Inshore Fisheries Conservation Authority	0.526
<b>Total Precepts Paid</b>	<b>0.843</b>

## Gross Budget

The difference between the Council's Net Budget and its 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. Table 12 and Chart 6 below show the Gross Service Expenditure Budget across the Council including schools for 2019/20:

**Table 12 : 2019/20 Gross Budget**

£m	Gross Budget 2019/20	Other Grant Income	Fees & Charges	Other External Income	Internal Income	Net Budget 2019/20
People (including Schools)	599.778	(318.945)	(37.838)	(61.525)	(1.667)	179.802
Economy & Infrastructure	146.322	(2.538)	(4.524)	(5.414)	(7.701)	126.145
Fire & Rescue Services	19.048	(0.000)	(0.006)	(0.396)	0.000	18.646
Local Committees	7.938	(0.000)	(0.000)	(0.000)	(0.000)	7.938
Corporate, Customer & Community	35.951	(1.666)	(2.145)	(0.882)	(0.059)	31.199
Finance	25.229	(0.743)	(0.000)	(0.175)	(0.157)	24.154
Other Items Charged Corporately	9.568	(0.088)	0	(1.000)	0	8.480
<b>Service Expenditure</b>	<b>843.833</b>	<b>(323.980)</b>	<b>(44.513)</b>	<b>(69.392)</b>	<b>(9.584)</b>	<b>396.364</b>



**Chart 6 – Gross Budget Expenditure on Cumbria County Council's Services**

Table 12 shows that the Council's gross service expenditure for 2019/20 is £843.8m; this includes DSG spend for schools. Each of the key elements taking the Council's gross service expenditure of £843.8m to its Net Service Expenditure Budget of £396.4m is explained below.

### Specific Grants

In 2019/20 the Council has budgeted to receive £323.980m 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 overleaf:

**Table 13 : Specific Grants Summary**

<b>Detail</b>	<b>£m</b>
<b>Schools</b>	
Dedicated Schools Grant	(251.248)
Sixth Form Grant	(5.464)
Pupil Premium Grant	(12.031)
Universal Infant Free School Meals	(4.624)
Primary PE and Sports Premium	(4.121)
<b>Total Schools</b>	<b>(277.488)</b>
<b>Non Schools</b>	
IBCF Grant	(20.730)
Public Health Grant	(17.914)
Skills Funding Agency	(2.236)
Brexit Preparations	(0.088)
Various	(5.524)
<b>Total Non Schools</b>	<b>(46.492)</b>
<b>Total</b>	<b>(323.980)</b>

The most significant specific grant is the Dedicated Schools Grant (DSG); this is used to fund Schools expenditure. The 2019/20 provisional Schools' Funding Settlement was announced on 13<sup>th</sup> December 2018, which gave a figure for DSG of £356.389m for Cumbria for 2019/20. Of this £251.248m is estimated to be for CCC schools with £105.141m for Academies (based on school pupil numbers at October 2018).

**Table 14 : Dedicated Schools Grant Settlement**

	<b>Schools Block</b>	<b>High Needs Block</b>	<b>Central Schools Services Block</b>	<b>Early Years Block</b>	<b>Total DSG 2019/20</b>	<b>Total DSG 2018/19</b>
	£m	£m	£m	£m	£m	£m
Total DSG	285.482	39.357	5.002	26.548	<b>356.389</b>	350.712
Less Transfer to Academies / Other providers	(105.141)	0		0	<b>(105.141)</b>	(101.619)
<b>DSG Allocation to CCC</b>	<b>180.341</b>	<b>39.357</b>	<b>5.002</b>	<b>26.548</b>	<b>251.248</b>	249.093

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 £17.914m in 2019/20, this has been confirmed, which is consistent with our existing MTFP assumptions. 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 is probably to be included in the Business Rates Retention Scheme, i.e. the specific grant will cease.

### 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/finance/finance/statementofaccounts](http://www.cumbria.gov.uk/finance/finance/statementofaccounts)

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 C.

The key areas of change are:-

Registration Service - Certificates, the General Register Office has removed the previous discretionary Admin Fee charge and included an administration element within their Statutory Fees. Other areas of the service have been reviewed and fees and charges have been revised to reflect the demand for the service and benchmarking with other providers of a similar service.

Highways – Highways Works Permitting Scheme, there is a legislative requirement to create and operate a Scheme from 1<sup>st</sup> April 2019. The Scheme including the



proposed fees and charges are currently being consulted on, and this is due to close on 8<sup>th</sup> February 2019. The proposed fees and charges are included in Appendix C as new, and these in some cases, will replace the existing NRSWA fees. Final approval of the Scheme and ratification by Department for Transport is expected by 31<sup>st</sup> March 2019.

Highways - Development Management, s38 Establishment Charges are currently chargeable at a fixed % of the green field site value, only differing if the charge is agreed before or after work has commenced. This has been amended to a % sliding scale depending on the development size and if agreed before or after work has commenced.

### *Fees and Charges Summary*

The Council has budgeted to receive (£44.513m) in fees and charges in 2019/20 (excluding the additional registrars income generated from the income generation proposal; this is an increase of (£1.910m) compared to the previous year. The table below summarises the budgeted income levels for the main fees and charges.

**Table 15 : Fees and Charges Summary**

	<b>2018/19</b>	<b>2019/20</b>	<b>Diff</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Residential &amp; Nursing Care</b>	(26.709)	(26.596)	0.113
<b>Non Residential Care</b>	(7.467)	(9.234)	(1.767)
<b>Other</b>	(8.427)	(8.683)	(0.256)
<b>Total</b>	<b>(42.603)</b>	<b>(44.513)</b>	<b>(1.910)</b>

### External Income

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

**Table 16 : External Income Summary**

<b>Detail</b>	<b>£m</b>
Better Care Fund (indicative)	(36.961)
NHS contributions to CCC commissioned social care packages	(13.919)
Port of Workington Commercial Income	(1.792)
Cumbria County Holdings Dividend (100% owned company)	(1.000)
Partner contributions to Active Cumbria	(0.575)
Services provided by People	(0.653)
Other	(14.492)
<b>Total</b>	<b>(69.392)</b>

## 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 providing a mechanism for joint health and social care planning and commissioning, bringing together ring-fenced budgets from Clinical Commissioning Group (CCG) allocations, the Disabled Facilities Grant (DFG) and funding paid directly to local government for adult social care services, the Improved Better Care Fund (iBCF).

As set out in the NHS England Long Term Plan, the BCF will continue to support integration between health and social care in 2019/20. Government Departments are finalising the Integration and BCF Policy Framework which will be published early 2019. The Integration and BCF Planning Requirements will then follow to help areas develop updated BCF plans for 2019/20. Until this guidance is published budgeting assumptions are that the BCF will remain at existing levels totalling £36.961m revenue with the Council receiving £25.106m in 2019/20.

The 2015 Spending Review announced that £1.5bn would be added to the ring-fenced Better Care Fund (BCF) (the Improved Better Care Fund iBCF) 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 the iBCF for 2019/20 is £20.730m and is presented as a specific grant in Table 13.

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.

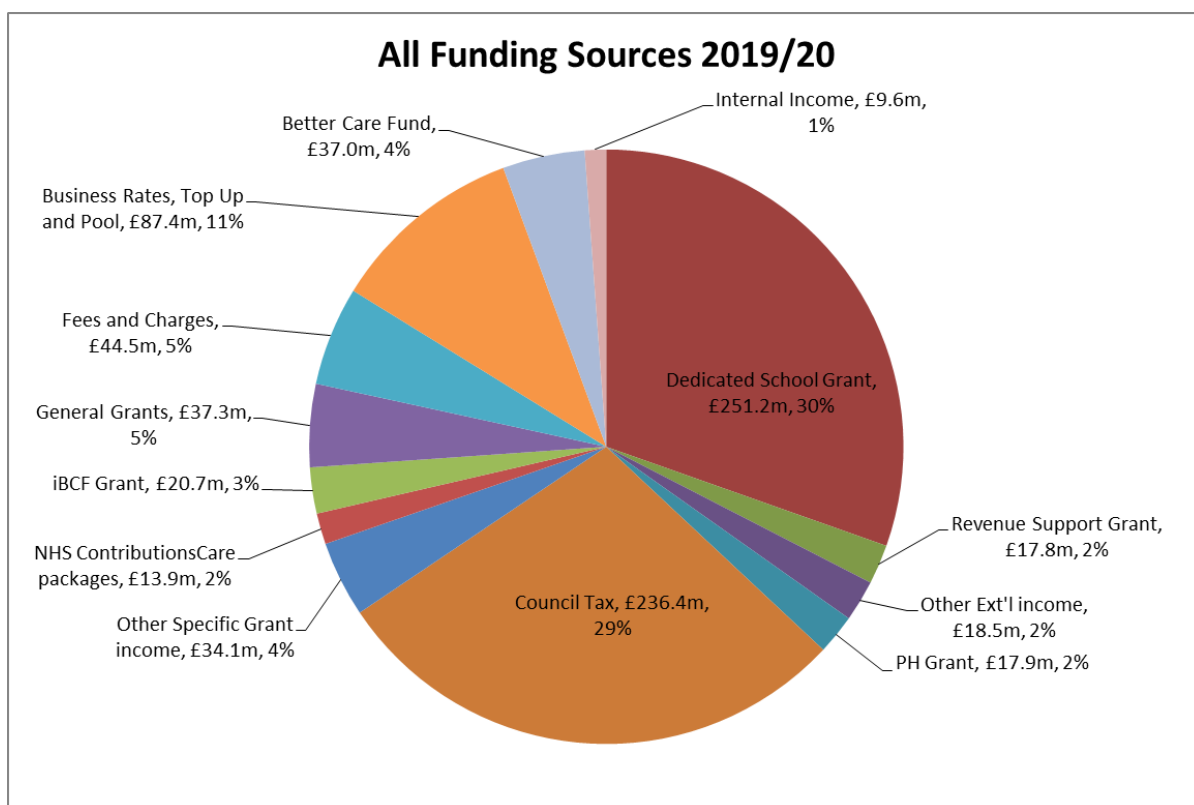
## Internal Income

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 overleaf:

**Table 17: Internal Income Summary**

	£m
Highways	(5.262)
Services to schools	(1.410)
Charges to capital programme	(2.438)
Other	(0.474)
<b>Total</b>	<b>(9.584)</b>

The chart below brings together the Councils funding sources including Government Grants, Council Tax, Business Rates and other sources of income



**Chart 7 – All Funding sources 2019-20**

# What are the Council's Capital Spending Plans?

## The Capital Programme

The updated Capital Programme for 2019/20 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 £195.898m.

The Capital Programme sets out the Council's investment plans over the next 3 years to achieve the Council's priorities. For instance, there is a new project aiming to create in county residential capacity for Cumbrian children which meets the council vision of ensuring people in Cumbria are healthy and safe.

The Capital Programme also contributes to the Council outcome of places in Cumbria are well connected and thriving, not just through the highway network management and capital schemes, but also continuing the development of new schemes and bids for improvements to the highway network, such as through work on the Carlisle Southern Link Road and Grizebeck grant bids.

The Capital Programme also looks to support the economy in Cumbria to ensure it is growing and benefits everyone, not only through the supply chain management and engagement, but also with local businesses. For instance, the Capital Programme is delivering junction improvement works and a car park for BAE Systems.

It is important to note the capital programme aims to strike a balance between ensuring that we meet our strategic priorities and vision whilst at the same time ensuring schemes represent value for money. In particular we want to aim for schemes which help reduce the authority's running costs through invest to save projects, support residents and help with the economic growth within the county.

The following table shows the new schemes included within the Capital programme by Council in February 2019.

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 18 : New Capital Schemes 2019 - 2022

New Scheme	Scheme Total 2019-2022 £m	Summary of Scheme
County Hall Car Park	£0.750	Improvement of the parking facilities at County Hall through re-surfacing, re-marking and minor other changes that will enable the car-park to serve wider public use on a commercial basis thereby generating revenue income to the County Council while also improving access to parking facilities in Kendal
Citadel Car Park	£0.400	Creation of city centre parking facilities at the Citadel site in Carlisle (former County Council "Courts" complex) through re-surfacing, re-marking and minor other works that will enable the creation of public parking facilities to service both visitors to the city centre and provide much needed parking capacity in the vicinity of Carlisle rail station.
Better Places For Work – West Cumbria	£1.500	Refurbishment of West Cumbria House enabling staff to be moved to this location. This project will deliver improvements to staff accommodation through access to modern, open plan and high standard office accommodation while also delivering significantly revenue savings through moving out of leased in properties, as well as removing financial liabilities associated with back-log maintenance requirements.
Highways Fleet	£1.680	A replacement programme for the Highways operational fleet to ensure that vehicle availability and performance is maintained
SEND Fleet Vehicles	£1.950	Purchase vehicles to deliver transport to SEND youngsters and mainstream pupils this capital funding is required to support a rolling three-year programme of vehicle purchases
Residential Provision for Children and Young People	£2.000	Creation of county residential accommodation for Children Looked After.
Area Planning	£1.000	Schemes that are part of the Area Planning work

New Scheme	Scheme Total 2019-2022 £m	Summary of Scheme
Enterprise Schemes	£0.952	The Council plan states that we will invest wisely on a commercial basis and take advantage of commercial opportunities where appropriate for Cumbria. The Council will be a Council that is enterprising and innovative, finding new ways to generate income to support priority services and exploring new ways of doing things. The capital funding will enable ideas to be converted into delivery and develop the culture of enterprise through the organisation.
<b>Total for New Schemes</b>	<b>£10.232</b>	

### 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 2019/20 - they will be recommended to Council for inclusion in the Council's capital programme. These are listed below:

- a) Carlisle Southern Link Road
- b) Blue Light Hubs
- c) Single Site Records Store
- d) Highways Depot and Fleet Reviews
- e) Better Places for Work Kendal
- f) Area planning schemes
- g) Extra Care Housing
- h) Modernising Cumbria Care

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 2 details the £195.898m capital programme for the Council from 2019/20 – 2021/22. In addition to the capital programme there are £6.890m of Accountable Body capital schemes.

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

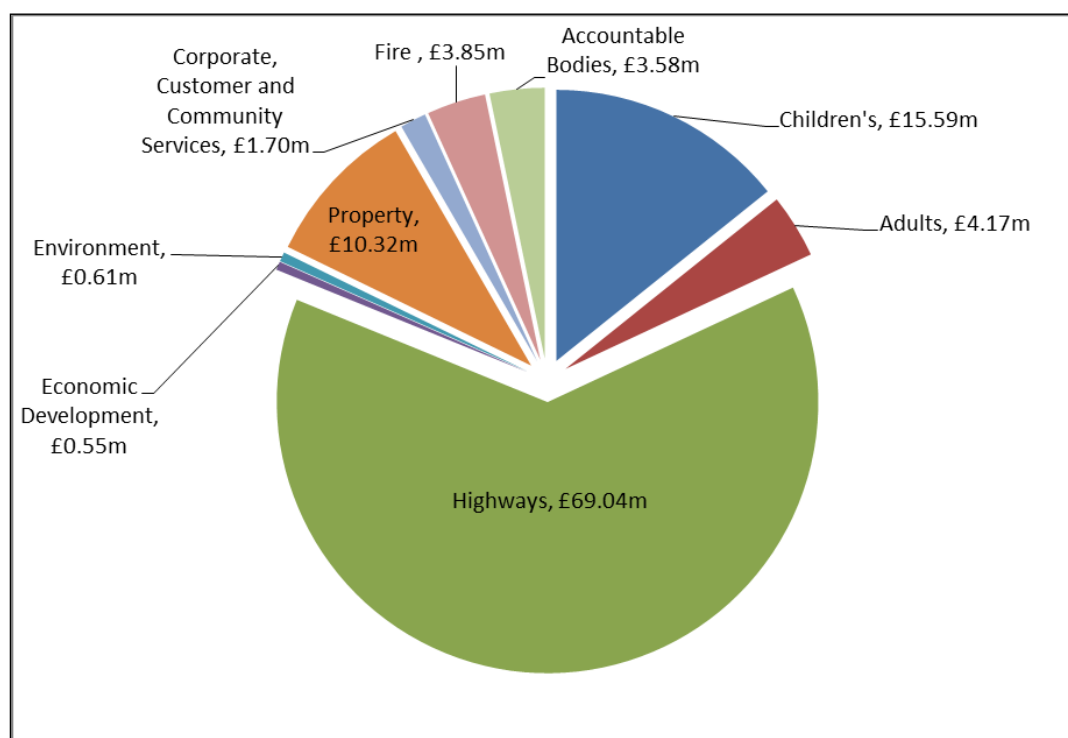


Chart 8 : Overview of the Capital Programme

### 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 £1.250m of capital receipts will be generated in 2019/20 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 19 : Capital Receipts 2019 – 2023

Year	Revised forecast General capital receipts for capital programme £m	Revised forecast Capital receipts (capitalisation flexibility) £m
2018/19	0	1.250
2019/20	0.500	1.250
2020/21	0.500	0
2021/22	0.500	0
2022/23	TBC	0
<b>TOTAL</b>	<b>1.500</b>	<b>2.500</b>

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 (as revised in 2017) 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 financial implications of capital investment decisions;
- **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 three 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.

**Prudential Indicators determined under Section 3(1) and (2) of the Local Government Act 2003 and produced in accordance with CIPFA's Prudential Code.**

**Table 20 : Prudential Indicators**

	2017/18	2018/19	2019/20	2020/21	2021/22
<b>PRUDENTIAL INDICATORS - Affordability</b>	<b>Actual</b>	<b>Q2 Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>1 Estimates of proposed capital expenditure</b>	137.457	143.640	105.822	55.476	34.600
<b>Estimates of proposed capital expenditure funded by prudential borrowing</b>	19.089	21.561	17.595	17.300	10.000
	The actual capital spend for 2017/18, forecast spend for 2018/19 and current estimates of capital expenditure for the three forward years to 2021/22.				
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>2 Capital Financing requirement (CFR) excluding PFI &amp; other long term liabilities– the borrowing need</b>	402.16	422.52	438.48	450.52	448.15
<b>Capital Financing requirement (CFR) including PFI &amp; other long term liabilities– the borrowing need</b>	518.88	538.60	552.72	562.47	557.82
	The Capital financing requirement indicator is a measure of the Council's underlying need to borrow for a capital purposes.				
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>3 Ratio of Finance costs to Net Revenue Stream exclusive of PFI</b>	2.95	4.46	4.63	6.11	8.14
<b>Ratio of Finance costs to Net Revenue Stream Inclusive of PFI</b>	6.99	8.51	8.72	10.37	12.17
	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.				
<b>PRUDENTIAL INDICATORS - Prudence</b>					
<b>4 Authorised limit for external debt</b>	<b>2017/18 Actual</b>	<b>2018/19 Revised</b>	<b>2019/20 Proposed</b>	<b>2020/21 Proposed</b>	<b>2021/22 Proposed</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Borrowing	444	465	480	493	490
Other Long Term Liabilities	135	135	135	135	135
Total	579	600	615	628	625
	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.				
<b>5 Operational boundary for external debt</b>	<b>2017/18 Actual</b>	<b>2018/19 Revised</b>	<b>2019/20 Proposed</b>	<b>2020/21 Proposed</b>	<b>2021/22 Proposed</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Borrowing	419	440	455	468	465
Other Long Term Liabilities	125	125	125	125	125
Total	544	565	580	593	590
	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	2017/18 Actual £m	2018/19 Revised £m	2019/20 Proposed £m	2020/21 Proposed £m	2021/22 Proposed £m
	Fixed Interest Rates	419	440	455	468	465
	Variable Interest Rates	100	100	100	100	100
7	Upper Limit for total principal sums invested for over 1 year (per maturity dates)	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 rates borrowing 2018/19	Upper	Lower	Actual 31/03/19		
	Under 12 months	30%	0%	4.4%		
	12 months to 2 years	40%	0%	2.2%		
	2 years to 5 years	40%	0%	4.6%		
	5 years to 10 years	40%	0%	10.6%		
	10 years and above	100%	100%	78.3%		
	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 was revised in 2017/18 and those changes are maintained for 2019/20. 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.

## 2019/20 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).

MHCLG 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 **Public Private Partnerships (PPP) Public Finance Initiatives (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 2019 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 21 : General Fund Balance Risks**

<b>Title</b>	<b>Value £m</b>	<b>Risk to the Delivery of the MTFP</b>	<b>Mitigation of Risk</b>
<b>Demand for Services</b>	6.000	Risk that the demand for services, eg CLA, 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.
<b>Management of unfunded pressures</b>	4.250	The Council may have insufficient funds to achieve its priorities if savings aren't fully realised.	Revenue spending is monitored on a monthly basis as part of the Council's corporate performance monitoring framework and reported to Cabinet quarterly. The management of emerging pressures within service areas is established practice and monitored every month as part of the budget monitoring process.

Title	Value £m	Risk to the Delivery of the MTFP	Mitigation of Risk
<b>Delivery of Savings</b>	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. This is year 9 of significant budget reductions.
<b>Volatility of Business Rate income and Council Tax income assumptions</b>	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.
<b>Capital</b>	0.250	Capital projects are not delivered on time or within budget requiring revenue contributions to supplement funding	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.
<b>Accountable Bodies</b>	0.100	The Council is exposed, as guarantor, to repayment of grants if the conditions on which grant funding is given are not met.	<p>Ensure when the Council takes on Accountable Body responsibilities it is fully aware of the conditions of funding received.</p> <p>Continual monitoring of all Accountable Body arrangements including Assurance Frameworks are ongoing to ensure that funding conditions are being met.</p>
<b>Contractual matters / Compliance with statutory regulations</b>	0.350	There is a risk of contract non-compliance or changes in legislation that may result in additional cost pressures.	<p>Council approved an update to the Council's regulation of contract management and disputes within the Contract Procedure Rules included in the Constitution at its meeting on the 11<sup>th</sup> January 2018.</p> <p>In addition close monitoring of statutory regulations, legislation and contractual conditions continues.</p> <p>Focus on 'significant' contracts established since September 2017.</p>
<b>Emergency Response</b>	0.800	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 are assumed to be available to meet any additional costs that may arise, not all costs are met by Belwin arrangements.
<b>Total</b>	<b>15.000</b>		

## 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.

As of 31st March 2018 the total reserves position of the Council places Cumbria within the lower quartile of English Shire Counties. This relative position is forecast to continue without significant contributions from revenue resources being made to improve the value of total reserves. This position will continue to be monitored and reviewed through the development of future MTFP's. CIPFA are expected to publish its Financial Resilience Index in 2019/20 which will highlight the reserve position of all local authorities.

## General Fund Balance

The General Fund Balance at 1st April 2018 was £11.905m. In year monitoring in 2018/19 is presently forecasting a deficit outturn position (Q2 monitoring reflects a £4.593m deficit at year end).

The Director of Finance considers that the General Fund Balance be no less than £15m for 2019/20 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. Every opportunity must be taken to supplement reserves in the medium term. The increase in General Fund Balance is expected to be funded from the additional benefit from the re-negotiation of a contract, additional to that assumed in setting the



2018/19 Budget. Potential financial risks as set out in the previous table support the target level for general reserves of £15m.

### **Earmarked Reserves**

As at 1<sup>st</sup> April 2018 earmarked reserves were £65.457m. It is estimated that at 31<sup>st</sup> March 2019 that will have reduced to £54.516m and by 31<sup>st</sup> March 2020 to £47.976m. A significant reduction. This decreases in future years, to £47.036m by 31<sup>st</sup> March 2023.

### **Modernisation Reserve (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 £4.906m at 31<sup>st</sup> March 2018 and is adequate for the immediate calls upon it. It is expected to remain unchanged at 31<sup>st</sup> March 2019.

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

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 2016/17 to 2021/22 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. £2m was achieved in 2017/18 and is available for capitalisation of saving costs and a further £1.250m in 2018/19 and 2019/20. A total of £4.5m.

### **School Balances**

The Individual school balances net position is expected to stand at £1.732m as at 31<sup>st</sup> March 2019. This compares to £1.685m as at 31<sup>st</sup> March 2018.

### **DSG Reserve**

The Central DSG Reserve is expected to have a net deficit of £5.872m at 31<sup>st</sup> March 2019. This compares to a net deficit of £3.553m at 31<sup>st</sup> March 2018. This deficit position and the associated actions to manage it are being monitored through the Schools Forum and Cabinet. The DSG reserve was expected to have a positive balance by 2019/20; however the recovery plan is currently being revised.

## Revenue Grants Reserves

The expected balance of revenue grants reserves at 31st March 2019 is £32.459m. 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 £30.027m 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. 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.

**Table 22 : Reserves**

Description	Balance at 31/3/18 £000	Balance at 31/3/19 £m	Expected Net Use in 2019/20 £m	Balance at 31/3/20 £m	Expected Net Use in 2020/21 £m	Balance at 31/3/21 £m	Expected Net Use in 2021/22 £m	Balance at 31/3/22 £m
<b>GENERAL RESERVES</b>	<b>(10.472)</b>	<b>(15.000)</b>		<b>(15.000)</b>		<b>(15.000)</b>		<b>(15.000)</b>
<b>RING FENCED EARMARKED RESERVES:</b>								
<b>DSG FUNDED RESERVES</b>								
Delegated Funds - Schools	(1.685)	(1.732)	1.477	(0.255)	0	(0.255)	0	(0.255)
Central HQ Budgets - DSG	3.553	5.872	0	5.872	0	5.872	0	5.872
<b>DSG FUNDED RESERVES</b>	<b>1.868</b>	<b>4.140</b>	<b>1.477</b>	<b>5.617</b>	<b>0</b>	<b>5.617</b>	<b>0</b>	<b>5.617</b>
<b>REVENUE GRANTS &amp; CONTRIBUTIONS RESERVES</b>								
CNDR Grant in Advance	(27.349)	(27.715)	(0.658)	(28.373)	(0.518)	(28.891)	(0.375)	(29.266)
Fire PFI Reserve (Charge)	(1.524)	(1.602)	(0.078)	(1.680)	(0.078)	(1.758)	(0.078)	(1.836)
Directorate Revenue Grants in advance	(0.710)	(0.710)	(0.188)	(0.898)	(0.299)	(1.197)	0	(1.197)
	(3.203)	(2.432)	2.383	(0.049)	0.020	(0.029)	0.018	(0.011)
<b>TOTAL REVENUE GRANTS RESERVES</b>	<b>(32.786)</b>	<b>(32.459)</b>	<b>1.459</b>	<b>(31.000)</b>	<b>(0.875)</b>	<b>(31.875)</b>	<b>(0.435)</b>	<b>(32.310)</b>
<b>CAPITAL FUND - Earmarked Revenue Reserves for Capital Purposes</b>								
LONG TERM INVESTMENT RESERVE	(1.796)	(0.013)	0	(0.013)	0	(0.013)	0	(0.013)
INSURANCE RESERVE	(2.813)	(2.813)	0	(2.813)	0	(2.813)	0	(2.813)
	(12.284)	(11.284)	0	(11.284)	0	(11.284)	0	(11.284)
<b>TOTAL RINGFENCED EARMARKED RESERVES</b>	<b>(47.811)</b>	<b>(42.429)</b>	<b>2.936</b>	<b>(39.493)</b>	<b>(0.875)</b>	<b>(40.368)</b>	<b>(0.435)</b>	<b>(40.803)</b>
<b>OTHER RESERVES:</b>								
<b>CENTRALLY HELD RESERVES</b>								
Elections	0	(0.341)	(0.230)	(0.571)	(0.230)	(0.801)	0.770	(0.031)
Improvement & Efficiency Reserve	(0.009)	(0.009)	0.009	0	0	0	0	0
Highways Fleet Replacement	(0.875)	(1.750)	0.805	(0.945)	(0.875)	(1.820)	0	(1.820)
NNDR Volatility Reserve share	(0.380)	(0.380)	0	(0.380)	0	(0.380)	0	(0.380)
MRP saving to support 2018/19 budget	(6.404)	0	0	0	0	0	0	0
Volatility Reserve	0	(2.080)	(0.877)	(2.957)	0	(2.957)	0	(2.957)
<b>CENTRALLY HELD RESERVES</b>	<b>(7.668)</b>	<b>(4.560)</b>	<b>(0.293)</b>	<b>(4.853)</b>	<b>(1.105)</b>	<b>(5.958)</b>	<b>0.770</b>	<b>(5.188)</b>
<b>MODERNISATION RESERVE</b>	<b>(4.906)</b>	<b>(4.906)</b>	<b>2.453</b>	<b>(2.453)</b>	<b>2.453</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>DIRECTORATE RESERVES</b>	<b>(5.072)</b>	<b>(2.621)</b>	<b>1.271</b>	<b>(1.350)</b>	<b>0.300</b>	<b>(1.050)</b>	<b>0.129</b>	<b>(0.921)</b>
<b>TOTAL OTHER EARMARKED RESERVES</b>	<b>(17.646)</b>	<b>(12.087)</b>	<b>3.431</b>	<b>(8.656)</b>	<b>1.648</b>	<b>(7.008)</b>	<b>0.899</b>	<b>(6.109)</b>
<b>TOTAL RESERVES</b>	<b>(75.929)</b>	<b>(69.516)</b>	<b>6.367</b>	<b>(63.149)</b>	<b>0.773</b>	<b>(62.376)</b>	<b>0.464</b>	<b>(61.912)</b>

## Cumbria Local Government Pension Fund

The Council, in its statutory capacity as Administering Authority operates the Cumbria Local Government Pension Scheme (LGPS), on behalf of 128 employers (as at 30th September 2018) from across Cumbria. The Fund has over 57,500 members (equating to approximately 14% 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 most recently completed valuation being as at 31<sup>st</sup> March 2016. At the time of writing preliminary work for the next actuarial valuation of the Fund (as at 31<sup>st</sup> March 2019) was in progress. The results of the 2019 valuation will take effect from 1<sup>st</sup> April 2020.

During the valuation process the Fund's appointed Actuary, Mercer Ltd, 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 this the Actuary determines the individual employer contribution rates for the next three years; in the case of the 2016 valuation this is the three years from 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 Council is required to make employer contribution payments to the Fund. As at the 2016 valuation the Actuary calculated that the Council's pension contribution for future service should be 14.9% from April 2017 to March 2020 and its deficit requirement was a payment of £29.3m during 2017/18 - 2019/20.

As in previous years the Council sought 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 : 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)
<b>Total New Proposals</b>			<b>(3.864)</b>	<b>(5.026)</b>	<b>(5.211)</b>

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)
<b>Total Existing Programmes</b>			<b>(18.866)</b>	<b>(21.536)</b>	<b>(21.436)</b>
<b>Grand Total</b>			<b>(22.730)</b>	<b>(26.562)</b>	<b>(26.647)</b>

## Appendix 2 - Council Capital Programme 2019/20 to 2021/22

Capital schemes	2019/20	2020/21	2021/22	Total Programme
	£m	£m	£m	£m
<b>People - Children's</b>				
Prioritised Capital Maintenance Projects/Schools Maintenance	7.285	6.795	4.795	18.875
Devolved Formula Capital 17/18	0.200			0.200
Devolved Formula Capital 18/19	0.666			0.666
North Carlisle Primary School - Design	0.500			0.500
Whitehaven Primary School - feasibility Study				
Inclusion Strategy	3.055	4.166		7.221
Basic Need schemes approved (St Marys, Harrington)	0.200			0.200
Individual Access Needs Capital	0.050			0.050
Early Education for two year olds	0.418			0.418
Inclusive Cumbria - Sandside Lodge	1.913			1.913
Residential Provision for Children & Young People	1.000	1.000		2.000
Campus Whitehaven	0.300			0.300
<b>TOTAL FOR PEOPLE - CHILDRENS</b>	<b>15.587</b>	<b>11.961</b>	<b>4.795</b>	<b>32.343</b>
<b>People - Adults</b>				
Extra Care Housing / Accommodation with Care & Support- available for new schemes	2.490			2.490
Re-provision of Cavendish House respite facility	0.495			0.495
Chronically Sick and Disabled Persons Adaptations	1.039			1.039
Integrated Care Community (NHS Funded)	0.090			0.090
Changing Places	0.053			0.053
<b>TOTAL FOR PEOPLE - ADULTS</b>	<b>4.167</b>	<b>0</b>	<b>0</b>	<b>4.167</b>
<b>Economy and Infrastructure</b>				
<b>Highways</b>				
Engineering Safety Studies and implementation measures	0.300	0.300	0.300	0.900
Infrastructure Deficit Support to District Councils	0.797	0.385	0.385	1.567
Carlisle Southern Link Road		4.502		4.502
Countryside Access Improvements (Other)	0.100	0.100	0.100	0.230
Traffic signals and Network traffic systems	0.190	0.190	0.190	0.570
<b>Total ITB schemes</b>	<b>1.387</b>	<b>5.477</b>	<b>0.975</b>	<b>7.769</b>
Highways & Transport - Principal Road Network (PRN) Schemes	5.285	5.098	5.098	15.481
Highways & Transport - Bridges & Structures	2.906	2.804	2.804	8.514
Devolved to Local Committees - Non-Principal Road Network (NPRN)	17.440	16.821	16.821	51.082
Highways Incentive Fund - Strategic Asset Maintenance Fund	2.269	3.177	3.177	8.623
Additional Pot Hole Action funding	1.241	1.241		2.482
<b>Total Transport Block funding</b>	<b>30.528</b>	<b>34.618</b>	<b>28.805</b>	<b>93.951</b>
LEP - Devolved Major Transport Scheme Funding	0.532			0.532
<b>Total Devolved Major Transport Schemes</b>	<b>0.532</b>			<b>0.532</b>
DfT funded Flood Recovery Scheme	27.382			27.382
BAE Junction Highways Improvements	1.466			1.466
Whitehaven North Shore Access (NPIF/BEC)	2.256			2.256
Street Lighting	1.641	1.766		3.407

<b>Capital schemes</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Total Programme</b>
Lead Local Flood Authority	1.708	0.235		1.943
Highways Fleet Replacement	1.680			1.680
SEND Fleet Vehicles	1.350	0.600		1.950
A592/A684 Road Safety Foundation Schemes	0.497	1.000		1.497
<b>TOTAL FOR HIGHWAYS</b>	<b>69.040</b>	<b>38.219</b>	<b>28.805</b>	<b>136.064</b>
<b>Economic Development</b>				
<b>Economic Development – LEP Schemes</b>				
LEP - Kendal Infrastructure	0.549			0.549
<b>Total for LEP schemes</b>	<b>0.549</b>	<b>0.000</b>	<b>0.000</b>	<b>0.549</b>
<b>TOTAL FOR ECONOMIC DEVELOPMENT</b>	<b>0.549</b>	<b>0.000</b>	<b>0.000</b>	<b>0.549</b>
Slippage only schemes				
Leachate Management - various closed landfill sites	0.466			0.466
Carlisle Cumbria Records Office	0.143			0.143
<b>TOTAL FOR ENVIRONMENT OTHER</b>	<b>0.609</b>			<b>0.609</b>
<b>Property</b>				
Corporate Property Planned Maintenance and improvement	3.500	3.297		6.797
Lonsdale Building Car Park	0.400			0.400
County Hall Car Park	0.750			0.750
BP4W West Cumbria	1.500			1.500
Area Planning 2019/20	1.000			1.000
Area Planning/Whitehaven Library	2.166			2.166
DSG Funded CMF - Contributions to Schools	1.000	1.000	1.000	3.000
<b>TOTAL FOR PROPERTY</b>	<b>10.316</b>	<b>4.297</b>	<b>1.000</b>	<b>15.613</b>
<b>TOTAL FOR ECONOMY AND INFRASTRUCTURE</b>	<b>80.514</b>	<b>42.516</b>	<b>28.805</b>	<b>152.835</b>
<b>Corporate, Customer &amp; Community Services</b>				
eDRMS - Document Recording Management System	0.150			0.150
ICT Investment/Additional ICT Investment	0.600			0.600
Enterprise Schemes	0.952			0.952
<b>TOTAL FOR CORPORATE, CUSTOMER &amp; COMMUNITY SERVICES</b>	<b>1.702</b>	<b>0</b>	<b>0</b>	<b>1.702</b>
<b>Fire &amp; Rescue Service</b>				
Co-located Emergency Response Centre - Ulverston	2.872			2.872
Fire Vehicle replacement	0.980	0.999		1.979
<b>TOTAL FOR FIRE &amp; RESCUE SERVICE</b>	<b>3.852</b>	<b>0.999</b>	<b>0</b>	<b>4.851</b>
<b>Total County Council Capital Programme Schemes</b>	<b>105.822</b>	<b>55.476</b>	<b>34.600</b>	<b>195.898</b>
<b>Accountable Bodies Programme</b>				
LEP - Growing our potential		0.506		0.506
LEP - SIS	0.027			0.027
LEP – Ulverston Infrastructure	2.500	2.500		5.000
LEP - Clark Door	0.052			0.052
North Cultural Regeneration Fund	1.005	0.300		1.305
<b>Total Accountable Bodies</b>	<b>3.584</b>	<b>3.306</b>		<b>6.890</b>
<b>TOTAL CAPITAL PROGRAMME WITH ACCOUNTABLE BODIES</b>	<b>109.406</b>	<b>58.782</b>	<b>34.600</b>	<b>202.788</b>



18/19 NET BUDGET	DESCRIPTION	GROSS BUDGET 2019/20	OTHER GRANT INCOME	FEES AND CHARGES	OTHER EXTERNAL INCOME	INTERNAL INCOME	NET BUDGET 2019/20
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	<b>PEOPLE</b>						
201	<b>Director &amp; Support</b>	183	0	0	0	0	183
	<b>Schools and Learning</b>						
0	School & Nursery Budgets	275,898	(269,512)	0	(6,385)	0	0
5,847	Inclusive Learning	9,919	(3,906)	0	(34)	0	5,980
2,259	Learning Improvement	2,542	(222)	0	0	0	2,321
824	Other Schools & Learning	1,529	(696)	(56)	(303)	0	474
8,930	<b>Total Schools and Learning</b>	289,889	(274,337)	(56)	(6,722)	0	8,774
	<b>Early Help</b>						
10,014	Early Help	10,817	(755)	0	(350)	0	9,711
	<b>Learning &amp; Skills</b>						
(143)	Traded Services	4,622	(618)	(1,671)	(979)	(1,410)	(56)
2,838	Learning and Development	3,200	(15)	0	(154)	(257)	2,773
(152)	Community Learning Skills	2,670	(2,260)	0	(727)	0	(317)
2,543	<b>Total Learning &amp; Skills</b>	10,492	(2,893)	(1,671)	(1,860)	(1,667)	2,401
	<b>Children &amp; Families</b>						
28,662	Children Looked After	35,532	(211)	0	(2,242)	0	33,079
8,236	Child Protection	7,223	0	0	0	0	7,223
4,818	Child & Family Support	5,465	(309)	0	(2)	0	5,154
1,474	Other Children & Families	1,314	0	0	0	0	1,314
43,190	<b>Total Children &amp; Families</b>	49,534	(520)	0	(2,244)	0	46,770
	<b>Other</b>						
5,788	Other Directorate Services	4,104	(1,663)	0	0	0	2,441
	<b>AD ADULTS</b>						
	<b>Older Adults</b>						
51,262	- Residential	50,976	0	0	0	0	50,976
23,509	- Support at Home	22,560	0	0	0	0	22,560
641	- Day Care	495	0	0	0	0	495
(133)	- Other Services	102	0	0	(855)	0	(753)
75,279	<b>Total Older Adults</b>	74,133	0	0	(855)	0	73,277
	<b>Younger Adults</b>						
21,654	- Residential	16,005	0	0	0	0	16,005
30,102	- Support at Home	29,855	0	0	0	0	29,855
3,281	- Day Care	3,867	0	0	0	0	3,867
(8,824)	- Other Services	658	0	0	(10,822)	0	(10,164)
46,212	<b>Total Younger Adults</b>	50,385	0	0	(10,822)	0	39,563
	<b>Other Costs</b>						
15,806	- Care Management	16,178	0	0	(546)	0	15,632
1,608	- Carers Support	1,717	0	0	0	0	1,717
17,414	<b>Total Other Costs</b>	17,895	0	0	(546)	0	17,349

### Appendix 3 – Detailed Directorate Budgets 2019/20

18/19 NET BUDGET	DESCRIPTION	GROSS BUDGET 2019/20	OTHER GRANT INCOME	FEES AND CHARGES	OTHER EXTERNAL INCOME	INTERNAL INCOME	NET BUDGET 2019/20
		£'000	£'000	£'000	£'000	£'000	£'000
	<b>Personal Contributions</b>						
(26,856)	- Residential	0	0	(26,743)	0	0	(26,743)
(7,597)	- Support at Home	0	0	(9,368)	0	0	(9,368)
(34,453)	<b>Total Personal Contributions</b>	0	0	(36,111)	0	0	(36,111)
(36,683)	Better Care Fund	15,105	(20,730)	0	(36,961)	0	(42,586)
67,769	<b>TOTAL AD ADULTS</b>	157,518	(20,730)	(36,111)	(49,185)	0	51,492
	<b>AD INTEGRATION</b>						
0	- AD Integration	2,379	(133)	0	(122)	0	2,124
0	<b>TOTAL AD INTEGRATION</b>	2,379	(133)	0	(122)	0	2,124
	<b>AD PROVIDER SERVICES</b>						
	<b>Cumbria Care Older Adults</b>						
18,847	- Residential	22,777	0	0	(4)	0	22,773
7,376	- Support at Home	9,937	0	0	0	0	9,937
283	- Day care	318	0	0	0	0	318
0	- Management	0	0	0	0	0	0
26,506	<b>Total Cumbria Care Older Adults</b>	33,032	0	0	(4)	0	33,029
	<b>Cumbria Care Younger Adults</b>						
810	- Residential	564	0	0	0	0	564
3,758	- Support at Home	4,040	0	0	(15)	0	4,026
5,407	- Day care	5,909	0	0	(130)	0	5,779
79	- Management	99	0	0	0	0	99
10,054	<b>Total Cumbria Care Younger Adults</b>	10,612	0	0	(145)	0	10,468
3,022	<b>Community Equipment</b>	3,215	0	0	(202)	0	3,013
939	<b>Management Costs</b>	978	0	0	0	0	978
3,961	<b>Total Other costs</b>	4,193	0	0	(202)	0	3,991
40,521	<b>TOTAL AD PROVIDER SERVICES</b>	47,837	0	0	(350)	0	47,487
	<b>DIRECTOR OF PUBLIC HEALTH</b>						
425	Health and Wellbeing	18,413	(17,914)	0	(692)	0	(193)
425	<b>TOTAL DIRECTOR OF PUBLIC HEALTH</b>	18,413	(17,914)	0	(692)	0	(193)
7,152	Capital Charges	8,612	0	0	0	0	8,612
186,532	<b>PEOPLE TOTAL</b>	599,778	(318,945)	(37,838)	(61,525)	(1,667)	179,802

18/19 NET BUDGET	DESCRIPTION	GROSS BUDGET 2019/20	OTHER GRANT INCOME	FEES AND CHARGES	OTHER EXTERNAL INCOME	INTERNAL INCOME	NET BUDGET 2019/20
		£'000	£'000	£'000	£'000	£'000	£'000
	<b>ECONOMY &amp; INFRASTRUCTURE SERVICES</b>						
(338)	<b>Cross Cutting Savings</b> Corporate Cross Cutting Efficiencies	(1,000)	0	0	0	0	(1,000)
(338)	<b>Total Cross Cutting Savings</b>	(1,000)	0	0	0	0	(1,000)
173	<b>Director</b>	179	0	0	0	0	179
2,765	<b>Centralised Directorate Support Services</b>	2,825	0	0	0	0	2,825
	<b>Economy &amp; Environment</b>						
117	Assistant Director	129	0	0	0	0	129
2,250	Waste Staffing & Operations	2,740	0	0	(495)	0	2,245
29,595	Waste Disposal - Renewi	30,458	0	0	(326)	0	30,132
5,244	Waste Recycling	5,405	0	0	0	0	5,405
647	Flood Risk & Development Management	1,014	0	(290)	(21)	0	703
1,561	Regulatory Services	2,769	0	(255)	(905)	0	1,609
664	Economic Development & Infrastructure Planning	1,266	(296)	0	(327)		643
40,078	<b>Total Economy &amp; Environment</b>	43,781	(296)	(545)	(2,075)	0	40,865
	<b>Highways, Transport &amp; Fleet</b>						
116	Assistant Director	182	0	0	0	0	182
13,813	CNDR	13,871	0	0	0	0	13,871
3,809	Winter Maintenance	3,833	0	0	0	0	3,833
(532)	Highways Management & Operations	11,543	0	(3,274)	(475)	(5,979)	1,815
9,459	Concessionary Fares	9,264	0	(19)	0	0	9,245
16,855	Integrated Transport & Fleet	21,340	(530)	(686)	(42)	(1,722)	18,360
43,520	<b>Total Highways, Transport &amp; Fleet</b>	60,033	(530)	(3,979)	(517)	(7,701)	47,306
	<b>Capital Programme &amp; Property</b>						
1,203	Property (including Assistant Director)	1,775	0	0	(907)	0	868
2,233	Corporate Maintenance	4,075	(1,712)	0	0	0	2,363
10,609	Corporate Landlord	8,909	0	0	(123)	0	8,786
(170)	Port of Workington	1,632	0	0	(1,792)	0	(160)
320	Carbon Tax	320	0	0	0	0	320
14,196	<b>Total Capital Programme &amp; Property</b>	16,711	(1,712)	0	(2,822)	0	12,177
	<b>Other</b>						
21,867	Capital Charges	23,792	0	0	0	0	23,792
21,867	<b>Total Other</b>	23,792	0	0	0	0	23,792
122,261	<b>ECONOMY &amp; INFRASTRUCTURE SERVICES TOTAL</b>	146,322	(2,538)	(4,524)	(5,414)	(7,701)	126,145

18/19 NET BUDGET	DESCRIPTION	GROSS BUDGET 2019/20	OTHER GRANT INCOME	FEES AND CHARGES	OTHER EXTERNAL INCOME	INTERNAL INCOME	NET BUDGET 2019/20
		£'000	£'000	£'000	£'000	£'000	£'000
	<b>FIRE SERVICES</b>						
	<b>Fire &amp; Rescue</b>						
15,211	Fire & Rescue Service	17,009	0	(6)	(98)	0	16,905
109	Resilience	441	0	0	(298)	0	143
15,320	<b>Total Fire &amp; Rescue</b>	<b>17,450</b>	<b>0</b>	<b>(6)</b>	<b>(396)</b>	<b>0</b>	<b>17,048</b>
	<b>Other</b>						
1,509	Capital Charges	1,598	0	0	0	0	1,598
1,509	<b>Total Other</b>	<b>1,598</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,598</b>
16,829	<b>FIRE SERVICES TOTAL</b>	<b>19,048</b>	<b>0</b>	<b>(6)</b>	<b>(396)</b>	<b>0</b>	<b>18,646</b>

18/19 NET BUDGET	DESCRIPTION	GROSS BUDGET 2019/20	OTHER GRANT INCOME	FEES AND CHARGES	OTHER EXTERNAL INCOME	INTERNAL INCOME	NET BUDGET 2019/20
		£'000	£'000	£'000	£'000	£'000	£'000
	<b>FINANCE</b>						
1,033	Performance & Risk	756	0	0	(9)	0	747
16,799	Treasury Management	17,519	0	0	0	0	17,519
3,206	Corporate Insurances	3,879	(673)	0	0	0	3,206
	<b>Finance</b>						
116	Director	130	0	0	0	0	130
452	Pensions and Financial Services	548	0	0	(20)	(157)	371
1,639	Accountancy and Financial Planning	1,948	(70)	0	(79)	0	1,799
414	Internal Audit Service	449	0	0	(67)	0	382
2,620	<b>Total Finance</b>	<b>3,075</b>	<b>(70)</b>	<b>0</b>	<b>(166)</b>	<b>(157)</b>	<b>2,682</b>
23,658	<b>FINANCE TOTAL</b>	<b>25,229</b>	<b>(743)</b>	<b>0</b>	<b>(175)</b>	<b>(157)</b>	<b>24,154</b>

18/19 NET BUDGET	DESCRIPTION	GROSS BUDGET 2019/20	OTHER GRANT INCOME	FEES AND CHARGES	OTHER EXTERNAL INCOME	INTERNAL INCOME	NET BUDGET 2019/20
		£'000	£'000	£'000	£'000	£'000	£'000
	<b>CORPORATE, CUSTOMER &amp; COMMUNITY SERVICES</b>						
	<b>Director &amp; Chief Executive</b>						
254	Chief Executive	733	0	0	0	0	733
164	Director	167	0	0	0	0	167
418	<b>Total Director &amp; Chief Executive</b>	<b>900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>900</b>
	<b>Chief Legal Officer</b>						
116	Assistant Director	125	0	0	0	0	125
4,414	Legal & Democratic Services	4,747	0	0	(217)	(41)	4,489
1,506	Coroners	1,692	0	0	0	0	1,692
6,036	<b>Total Chief Legal Officer</b>	<b>6,564</b>	<b>0</b>	<b>0</b>	<b>(217)</b>	<b>(41)</b>	<b>6,306</b>
	<b>Organisational Change</b>						
121	Assistant Director	130	0	0	0	0	130
342	Transformation	352	0	0	0	0	352
1,664	People Management	1,845	(160)	0	(5)	0	1,680
494	Corporate Health & Safety	695	(160)	0	(44)	0	491
10,576	ICT Services	10,818	0	0	0	0	10,818
13,198	<b>Total Organisational Change</b>	<b>13,840</b>	<b>(320)</b>	<b>0</b>	<b>(49)</b>	<b>0</b>	<b>13,471</b>
-	<b>Strategic Commissioning</b>	-	-	-	-	-	-
1,853	Commissioning	1,956	0	0	0	(18)	1,938
438	Corporate Procurement & Contracts	928	0	0	(472)	0	456
2,291	<b>Total Strategic Commissioning</b>	<b>2,884</b>	<b>0</b>	<b>0</b>	<b>(472)</b>	<b>(18)</b>	<b>2,394</b>
	<b>Customer &amp; Community Services</b>						
119	Assistant Director	135	0	0	0	0	135
866	Policy & Scrutiny	1,257	(42)	0	0	0	1,215
675	Communications	684	0	0	0	0	684
1,641	Service Centre & Digital	1,880	(16)	(107)	(32)	0	1,725
319	Business Support		0	0	0	0	0
3,683	Community Services	8,056	(1,288)	(2,038)	(112)	0	4,618
7,304	<b>Total Customer &amp; Community Services</b>	<b>12,012</b>	<b>(1,346)</b>	<b>(2,145)</b>	<b>(144)</b>	<b>0</b>	<b>8,377</b>

18/19 NET BUDGET	DESCRIPTION	GROSS BUDGET 2019/20	OTHER GRANT INCOME	FEES AND CHARGES	OTHER EXTERNAL INCOME	INTERNAL INCOME	NET BUDGET 2019/20
		£'000	£'000	£'000	£'000	£'000	£'000
	<b>Cross cutting Items to be allocated</b>						
(50)	Amalgamate Records Management and Information Governance functions	0	0	0	0	0	0
(20)	Information, Advice and Guidance (IAG) service	(700)	0	0	0	0	(700)
(172)	Customer Service Transformation	(343)	0	0	0	0	(343)
(500)	Supplies and Services		0	0	0	0	0
(742)	<b>Total Cross cutting Items to be allocated</b>	<b>(1,043)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,043)</b>
	<b>Other</b>						
884	Capital Charges	794	0	0	0	0	794
884	<b>Total Other</b>	<b>794</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>794</b>
29,389	<b>CORPORATE, CUSTOMER &amp; COMMUNITY SERVICES TOTAL</b>	<b>35,951</b>	<b>(1,666)</b>	<b>(2,145)</b>	<b>(882)</b>	<b>(59)</b>	<b>31,199</b>

18/19 NET BUDGET	DESCRIPTION	GROSS BUDGET 2019/20	OTHER GRANT INCOME	FEES AND CHARGES	OTHER EXTERNAL INCOME	INTERNAL INCOME	NET BUDGET 2019/20
		£'000	£'000	£'000	£'000	£'000	£'000
	<b>LOCAL COMMITTEES</b>						
5,845	Highways Revenue	5,845	0	0	0	0	5,845
	<b>Non Highways :</b>						
614	Neighbourhood Development - Area Support Teams	614	0	0	0	0	614
0	Individual Local Member Schemes	0	0	0	0	0	0
1,116	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
0	Community Waste Prevention Fund	0	0	0	0	0	0
44	Sandgate Hydrotherapy Pool	46	0	0	0	0	46
2,091	<b>Total for Non Highways</b>	<b>2,093</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,093</b>
7,936	<b>LOCAL COMMITTEE TOTAL</b>	<b>7,938</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,938</b>

<b>18/19 NET BUDGET</b>	<b>DESCRIPTION</b>	<b>GROSS BUDGET 2019/20</b>	<b>OTHER GRANT INCOME</b>	<b>FEEES AND CHARGES</b>	<b>OTHER EXTERNAL INCOME</b>	<b>INTERNAL INCOME</b>	<b>NET BUDGET 2019/20</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>CHARGED CORPORATELY</b>						
<b>1,336</b>	Second Homes Agreement with the Districts	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>5,088</b>	Residual Pension Costs	<b>4,888</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,888</b>
<b>5,924</b>	Pension costs for past service	<b>5,924</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,924</b>
<b>34</b>	Surplus Assets Depreciation	<b>58</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>58</b>
<b>(1,000)</b>	Dividend from Cumbria Holdings Ltd	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,000)</b>	<b>0</b>	<b>(1,000)</b>
<b>0</b>	Brexit Preparations	<b>88</b>	<b>(88)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(5,000)</b>	Cross Cutting Savings	<b>(1,390)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,390)</b>
<b>6,382</b>	<b>CHARGED CORPORATELY TOTAL</b>	<b>9,568</b>	<b>(88)</b>	<b>0</b>	<b>(1,000)</b>	<b>0</b>	<b>8,480</b>
<b>392,987</b>	<b>TOTAL SERVICE EXPENDITURE</b>	<b>843,833</b>	<b>(323,980)</b>	<b>(44,513)</b>	<b>(69,392)</b>	<b>(9,584)</b>	<b>396,364</b>