

CABINET

29 SEPTEMBER 2015

DRAFT MEDIUM TERM FINANCIAL PLAN 2015/20

Portfolio Holder: Councillor Alan Jarrett, Leader
Report from: Phil Watts, Chief Finance Officer

Summary

This report reviews the major financial issues facing the Council during this and the next four years. It also provides a framework for the more detailed preparation of the draft Revenue Budget for 2016/17.

1. Budget and Policy Framework

- 1.1 The Council's annual budget and council tax setting establishes the Council's budget framework, and sets out the funding of services. The Medium Term Financial Plan (MTFP) identifies the key issues that need to be addressed as part of that budget preparation. The MTFP needs to be viewed in conjunction with the Council Plan for 2015/20 to integrate budget setting with service planning and ensure that priorities and funding are matched.

2. Background

- 2.1 The MTFP approved by Cabinet on 30 September 2014 formed a sound basis for the budget that was agreed in February this year and represents an important reference for future financial planning. However, since then we have had the general election, the Chancellor's emergency budget in July and a strong indication that the severe cuts imposed since CSR 2010 are set to continue at an accelerated pace.
- 2.2 2014/15 again saw the Council underspend against the agreed budget, in spite of forecasting significant pressures during the early rounds of monitoring, reinforcing the effectiveness of the budgetary control process. Having said that, the scale of the management action required to achieve this favourable outturn should not be understated and included careful management of vacancies, restrictions on non-essential spend and the use of reserves.
- 2.3 The challenges facing the Council's finances are further emphasised by the first quarter's revenue monitoring, which reflects continued pressure on social care budgets and in spite of significant management action represents a forecast overspend of around £4.7m.

3. Advice and analysis

- 3.1 The Autumn Statement, expected to be announced on 25 November 2015, will confirm the Government's stance following the general election and it is extremely likely that the pressure on public finances will increase.
- 3.2 High level spending needs have been reviewed as part of the preparation of this report and are summarised in the appendices to this report follow but given the forecast resource position it is more important than ever that the MTFP focusses on the Council's strategic priorities for Medway as set out in the Council Plan and the two core values:
- Putting our customers at the centre of everything we do; and
 - Giving value for money.
- 3.3 Over the life of this medium term financial plan, the policy context in which the Council and its partners work will continue to change. The Council Plan and the budgets that support it already reflect key national drivers and will need to respond to further developments over the medium term:
- Radical changes to the health system with new responsibilities for public health and health and wellbeing having transferred to the council;
 - Continued reform of the education system with an increasing push towards academies and free schools;
 - The opportunities presented by devolution to those Councils who can demonstrate the ability to work in partnership with other local authorities to deliver greater efficiency and a more strategic approach to service delivery;
 - Greater integration and pooling of budgets between local authorities and clinical commissioning groups, via the 'Better Care Fund';
 - Although key elements have now been delayed until 2019, implementation of the Care Act will still have significant implications on local authority spend;
 - Welfare reform and the introduction of Universal Credit in Medway.

4. Assessment of Likely Available Resources

- 4.1 The Council's net revenue budget is met from three principal sources:
- Grant support from central government in the form of Revenue Support Grant and other specific grants, including Public Health Grant and the Dedicated Schools Grant;
 - The Council's share of local business rates (NDR); and
 - The amount raised locally by council tax
- 4.2 The projections in respect of Revenue Support Grant are broadly consistent with last year's MTFP assumptions, but there remains a risk that the Autumn Statement will accelerate the reductions in grant, impacting on the scale of savings that the Council will be required to identify.
- 4.3 An announcement was made in the July budget statement that the Public Health Grant would be subject to an in year cut. This is still out to consultation, but the Government's preferred option is 6.2% across the board. For Medway this represents a £1.042m reduction.
- 4.4 Since 2013/14, following the Resource Review 2012, local authorities now retain 50% of the NDR they collect and consequently benefit from business growth. This does however bring with it greater volatility over a major source of funding. Last year Government set a deadline of 31 March for appeals against the 2010 ratings list and

as a result a great many Councils experienced a surge in appeals at the end of the financial year. Whilst a significant proportion of these may ultimately not be upheld, an independent review of Medway Council's appeals provision reported that a significant increase in the provision was required, which in turn resulted in a large deficit on the collection fund. It is proposed to manage this pressure over the medium term and Table 2 reflects this.

- 4.5 The council has a positive regeneration strategy which could yield longer term business growth and in turn boost revenue income into the future. Specifics and calculations around the increases are work in progress at this time, hence the NDR forecasts are prudent.
- 4.6 In respect of council tax, Medway's position in 2015/16 remains one of the lowest in our peer group of Mainland Unitary Councils, despite increasing council tax by the maximum permitted without a referendum. The MTFP assumes that the Council will continue to increase council tax by 1.994% for the next three years.
- 4.7 The taxbase upon which the current council tax is set was agreed as 80,212.80 band D equivalents. This represented an increase of 625 band D equivalents or almost 0.8%. However, it is anticipated that increases in the number of properties over the medium term will be to some extent offset by the impact of welfare reforms on the number of residents claiming under the Council Tax Reduction Scheme, and that the growth in taxbase will average 0.5% per annum.
- 4.8 The Dedicated Schools Grant continues to be impacted by academy conversions and whilst this reduction in funding theoretically accompanies the transfer of responsibilities away from the Council, it does have an impact on the funds available for core functions in support of maintained schools, such as admissions.
- 4.9 The Education Services Grant, which is directly linked to the number of pupils in local authority maintained schools, also continues to reduce through the impact of schools converting to academies, potentially impacting upon the Council's ability to deliver its statutory responsibilities in relation to areas such as school improvement.

Table 1: Schools Funding

	2015/16 revised	2016/17	2017/18	2018/19
Schools Block: Pupil Numbers	37,680	38,180	38,680	39,180
Early Years Block: Pupil Numbers	3,321	3,446	3,571	3,696
High Needs Block: Pupil Places	2,005	1,995	1,995	1,995
Total all pupils	43,006	43,621	44,246	44,871

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
DSG (gross)	£212.024	£214.370	£217.111	£219.852
Academy deductions	£100.845	£107.768	£120.378	£132.989
DSG (net)	£111.179	£106.603	£96.733	£86.863
Pupil Premium (excluding academies)	£6.140	£5.405	£4.670	£3.935
Sixth Form Funding (excluding academies)	£1.047	£0.000	£0.000	£0.000
Net Schools Funding	£118.366	£112.008	£101.403	£90.798

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
ESG (gross)	£4.147	£4.387	£4.449	£4.512
Academy deductions	£1.911	£2.042	£2.172	£2.303
ESG (net)	£2.236	£2.345	£2.277	£2.209

4.10 In addition to the revenue resources referred to above the Council does have access to reserve balances. However, the balance of General Reserves (i.e. those not earmarked for specific activities) is minimal.

5. Spending Priorities

5.1 Whilst the MTFP reflects no uplift on prices unless contractually committed, it has been assumed that 1% per annum will be allocated to fund both a pay award and performance related pay. This reflects government guidelines that public sector pay should be capped at 1%. Any impact on school budgets would need to be met from the delegated budget provided through the DSG.

5.2 With effect from April 2016 the government has abolished contracted out NIC. On the current thresholds, the employer national insurance liability will increase by 3.4% on earnings between £676 and £3,337 per month for each employee. This will apply to employees who currently pay into the Local Government Pension Scheme, the Teachers Pensions Scheme and NHS pension scheme. This is creating a pressure for the council of £1.14m.

5.3 The MFP also reflects pressures as a result of legislative changes, demographic growth or contractual obligations. The main service pressures affecting each directorate are summarised in Appendices 1 to 4, with accompanying commentary within the body of this report.

5.3 Children and Adults (Appendix 1)

Children and Adult Services is the largest directorate, representing the greatest call on available resources. As always, the most significant financial risks for the directorate are within social care and the major forecast pressures are outlined below:

5.3.1 Children's Care:

- The current cost of service figures are based on the current client lists for Independent Foster Agencies, residential placements, internal fostering, Special guardianship and Care Leavers. These costs are mitigated by management action and commissioning strategies.
- The fostering inflation figure is based on 2% of the current cost of fostering placements.
- Future commitment figures are included for demographics based on the expected increase to the school population.
- There is a risk that the numbers of unaccompanied asylum seeking children coming into Medway may rise given the reported high numbers being accommodated by Kent. Although no financial projections are factored into this report, the risk is real and ought to be noted at this stage.

5.3.2 Deputy Director:

- Officers continue to work with the Clinical Commissioning Group to develop the 'Better Care Fund' proposals for 2016/17, however it is expected that expenditure plans will reflect the funding available.
- Whilst the specific grant ceased at the end of 2014/15 there is a recognition that there needs to be some kind of local welfare provision for the most vulnerable members of the community, therefore the MTFP makes a modest provision of £100k.
- A proposed increase in pay for Independent Review Officers to enable permanent recruitment and reduce the current pressure on agency staff, estimated at £50k.
- Cost of current service figures are based on the current client lists for Disability, Older People and Mental Health services. This identifies an on-going pressure of £2.7m although it is noted that management action is underway to reduce costs through review and challenge.
- The effect of commissioning figures of £1.6m relate purely to the management action for 2015/16 that was identified, but which has not been delivered to date for Disability services and Mental Health services. This plan of management action is continuously being developed and its delivery will continue to be monitored.
- The Independent Living Fund (ILF) closed on 1 June 2015. In 2015/16 the Council received a grant from Central Government which largely funded the impact on the Council, however future funding to cover support for former ILF users will be considered as part of the next spending review. Therefore at this stage the worst case scenario of the impact on Medway has been included in this MTFP. This is based on the latest information available.
- A pressure of £500k has been added in respect of the impact of the introduction of the compulsory national living wage on external providers from April 2016. This will initially be set at £7.20 for workers over the age of 25. This increase of £0.70 from the current level is an 11% increase over the commonly used national minimum wage of £6.50. In relation to homecare an 11% increase would represent a pressure of just under £1.0m on current spend of approx. £9.0m. Initial estimates are that approximately half this figure will service the introduction of the new legislation.
- The figures for demographics are based on taking the Office of National Statistics population estimates for client groups and applying to current service costs. The percentage increases are only 2% for Older People and 1% for all other client groups. Mental Health has been left at zero as 1% only equated to £15k.

5.3.3 Education Pressures:

- Home to School Transport £87k pressure: This pressure has arisen because proposed changes to the home to school transport policy would not go ahead as planned. In addition there will be further budget pressures against this cost centre, due to a reduction in grant funding, and inflationary pressures.
- SEN Transport £1m pressure: In 2014/15 SEN transport costs exceeded the budget by £373k and are forecast to exceed the budget by £855k in 2015/16. SEN transport contracts were re-procured in 2015/16, saving the Council in excess of £1.089m per annum, however this saving had already been reflected within the Category Management savings target and is not available to mitigate the escalating costs within the directorate.
- Redundancies arising from on-going commitments and school reorganisations £310k pressure: In the past LA inspired re-organisation of primary schools has generated redundancy costs that the Council rather than the schools had to pay which has created a pressure of £310k on the current budget as an historic cost.

In future where possible the cost of any redundancies will be paid by the school rather than the Council but this is not always possible.

5.4 Regeneration, Community and Culture (Appendix 2)

5.4.1 Frontline Services:

- Highways Inflationary pressures of £158k will need to be funded if a 'real terms' cut in highway maintenance is to be avoided (this increase is on-going for future years).
- Waste service pressures year on year are factored into the figures as 'changes in waste arisings' due to increased housing numbers and higher volumes of waste disposals being managed.
- Waste Services are currently forecasting an additional £393k requirement for 2016/17, £514k for 2017/18 and £571k for 2018/19 due to inflationary pressures for collection, disposal and Landfill Tax. However, Waste Services also require an additional £1.571m for 2016/17 and a further £1.386m for 2017/18 having exhausted the DCLG Waste Grant part way through 2016/17.

5.4.2 Housing & Regeneration:

- Housing Solutions foresee a continued rise in homelessness costs (2016/17 £244k). This is net of savings identified in prevention budgets.

5.4.3 Leisure & Culture

- The Partnership with Medway NORSE for the Grounds Maintenance contract is not subject to inflationary uplift but there are separate pressures arising due to the implications of the new minimum wage. Medway NORSE are projecting these costs to be £140k, reflecting both salary increase (2.88%) and also pension provision (0.8%), but have not provided a breakdown of these projected costs at this stage.

5.5 Business Support Department (Appendix 3)

5.5.1 Central Finance:

- There is the potential for a 10% year-on-year reduction to the Housing Benefit administration grant as part of central government deficit reduction plan. These figures are reflected in the pressures. The options available to the council are limited, as the reduction of operational cost may have counter-productive effect by increasing the possibility of Local Authority error which attracts a penalty.

5.5.2 Organisational Services

- There is a risk that the council faces a complete withdrawal of Schools Funding Agency Community Learning Grant, i.e. £1.1m, plus a 25% reduction of SFA Adult Skills funding grant of £142k. It is assumed that the service would be downsized and restructured accordingly, however the loss of business would reduce the services capacity to meet the budgeted surplus contribution of £150k. This risk is not factored into the commitments but ought to be noted at this stage.
- With council efficiency dependent upon ICT, there is pressure to fund the recurring revenue budget needed for ICT networks, telephone system renewal and the 'follow me' telephony system. After the initial investment these costs would reduce over the medium term.

5.6 Public Health (Appendix 4)

- The public health grant sees an increase of £2.522m being the balance of the grant covering services for 0 to 5 year olds, the initial half year of which was reflected in 2015/16. However, a recent announcement by the Chancellor requires that the Department of Health deliver in-year savings of £200m from the public health grant (equivalent to a 6.2% reduction). For Medway this represents £1.042m in the current year and £1.198m in 2016/17. The Public Health share of the abolition of contracted out NIC has been calculated at £50k, however it is assumed that the service will identify commensurate savings.

5.7 The Housing Revenue Account

- Whilst this report focuses on the general fund position, it should be noted that recent government announcements to reduce rent charges by 1% year on year for a four year period will need to be factored into the Housing Revenue Account (HRA) financial strategy. Work has commenced on a review of the impact on the 30 year business plan.

5.8 It is almost inevitable that other issues may surface as the budget preparation progresses and Members may also wish to invest in priority areas, however the challenge presented by the continued reduction in Government funding will make it difficult to address these issues. Table 2 overleaf summarises the net effect of these amounts when compared to resource assumptions set out in Table 2 and reveals a deficit for 2016/17 of £13.8m, rising to £41.9m by 2019/20.

Table 2: Summary of the MTFP Deficit for the Period 2016/17 to 2019/20

Directorate	2015/16 Quarter 1 Budget	2016/17 Forecast Requirement	2017/18 Forecast Requirement	2018/19 Forecast Requirement	2019/20 Forecast Requirement
	£000's	£000's	£000's	£000's	£000's
Children and Adult Services					
- DSG and School Specific Spend	111,467	112,496	103,535	94,573	94,573
- Public Health	1,660	1,660	1,660	1,660	1,660
- General Fund Services	108,810	114,391	115,275	116,117	116,959
Regeneration, Community and Culture (RCC)					
- General Fund Services	46,494	48,455	50,988	52,394	54,121
- Public Health	1,130	1,130	1,130	1,130	1,130
Business Support (BS):					
- General Fund Services	21,840	22,967	23,127	23,051	23,151
- DSG	1,498	1,498	1,498	1,498	1,498
- Public Health	678	678	678	678	678
Public Health	13,334	14,658	14,658	14,658	14,658
Interest & Financing	13,243	13,243	13,243	13,243	13,243
Levies	1,039	1,039	1,039	1,039	1,039
'BFL' / Digital Transform	(450)	(450)	(450)	(450)	(450)
NORSE	(263)	(263)	(263)	(263)	(263)
Category Management Contract Savings	(1,800)	(1,800)	(1,800)	(1,800)	(1,800)
Pay Award	800	1,600	2,400	3,200	6,400
Budget Requirement	319,481	331,301	326,718	320,728	326,596
Council Tax	(95,250)	(99,650)	(100,079)	(102,585)	(105,154)
Revenue Support Grant	(38,784)	(29,272)	(21,070)	(13,441)	(7,441)
Business Rate Retention	(45,866)	(46,325)	(46,788)	(47,256)	(47,728)
New Homes Bonus	(6,242)	(7,508)	(7,162)	(7,116)	(7,734)
DSG	(106,745)	(106,602)	(96,733)	(86,863)	(86,863)
Other School Specific Grants	(6,220)	(7,391)	(8,299)	(9,207)	(9,207)
Education Services Grant	(2,236)	(2,345)	(2,277)	(2,209)	(2,209)
Other Specific Grants	(186)	(186)	(186)	(186)	(186)
Public Health Grant	(16,802)	(18,126)	(18,126)	(18,126)	(18,126)
Use of Reserves	(1,150)	(50)	(50)	(50)	(49)
Estimated Available Funding	(319,481)	(317,453)	(300,771)	(287,040)	(284,698)
Budget Gap - General Fund	0	13,848	25,947	33,688	41,899

6. Balancing Resources and Demands

- 6.1 The scale of the deficit confronting the Council is significant and it will require a radical rethink of the way in which services are provided:
- Addressing the growth in the number of looked after children, young people with disabilities and children with special educational needs by transforming commissioning strategies;
 - Continued transformation of adult social care including delivery of enablement, flexicare housing and the personalisation agendas;
 - Opportunities for more efficient use of Public Health Grant;
 - Potential shared service arrangements with other councils and public agencies, including greater integration with health services;
 - Property rationalisation;
 - A more innovative investment strategy;
 - Further develop the digital transformation agenda to deliver further savings;
 - Opportunities for outsourcing services;
 - Maximising the council tax base including delivery of the housing targets in the local plan and proposed changes to the council tax reduction scheme.
 - Pursuing other income generation – traded services, review of fees and charges.
- 6.2 The current Council Plan re-affirms the commitment to Value for Money as one of the two core values that underpin the plan and help us serve residents, businesses and partners.

7. Timetable

- 7.1 The timetable for production of the Medium Term Financial Plan and Budget Proposals is as follows:

Report to Cabinet (this report)	29 September 2015
Report to Business Support Overview & Scrutiny	8 October 2015
Portfolio/Directorate reviews	July to December
Initial budget proposals to Cabinet	24 November 2015
Reports to Overview & Scrutiny	December/January
Draft budget to Cabinet	9 February 2016
Budget proposals to Council	25 February 2016

- 7.2 Business and service planning will run in tandem with the budget setting process.

8. Conclusion

- 8.1 The Medium Term Financial Plan identifies our spending needs for 2016/17 and beyond, in the context of a reducing resource base.
- 8.2 Whilst Table 2 identifies a forecast deficit of £13.8m in 2016/17, this increases to over £41m by 2019/20 despite assuming council tax increases of almost 2.0% per annum and estimated year on year increases in the Council's share of business rates. This gap is largely attributable to the projected reductions in Revenue Support Grant from £38.8m in 2015/16 to around £7.4m by 2019/20. Clearly any council tax increase will be a matter for Council in February 2016. That in turn will be influenced by decisions made by Central Government, which should become clearer on 25 November 2015. The impact of reduced funding is exacerbated by expenditure pressures, particularly within social care, and made worse by the effects of the

National Living Wage and cessation of the contracted out NI rate on both our own salary costs and those of our providers.

- 8.3 Notwithstanding the service pressures impacting on the Council's budget requirement and the significant financial constraints imposed through Government grant reductions, it must remain the Council's main strategic aim to achieve a sustainable budget without recourse to reserves. That aim will only be achieved through a combination of focussing resources on services that deliver the Council's corporate priorities, by delivering these services more efficiently through, among other things, digital transformation and by seeking to maximise all revenues, including local taxation and fees and charges.

9. Financial and Legal Implications

- 9.1 These are contained within the body of the report.

10. Risk Management

- 10.1 The risks of failing to produce a balanced and sustainable budget, whilst at the same time achieving priorities and maintaining effective service delivery are significant, but the solution lies in exploiting the opportunities afforded through digitalisation, new operating models and over the longer term devolution of power to local authorities and local autonomy over taxation.

11. Diversity Impact Assessment

- 11.1 The council has legal duties to give due regard to race, gender and disability equality in carrying out its functions. This includes the need to assess whether any proposed changes have a disproportionately negative effect on people from different ethnic groups, disabled people and men and women, which as a result may be contrary to these statutory obligations. The Medium Term Financial Plan identifies the resources available, which will influence the service priorities within the Council Plan. Diversity Impact Assessments will be undertaken and reported to Members as part of the budget and service planning process as the quantum of resources and hence the impact on Council services unfolds.

12. Recommendations

Cabinet is asked to:

- 12.1 Endorse the underlying aims of the Medium Term Financial Plan;
- 12.2 Note the forecast level of overall funding outlined in Section 4; spending priorities in Section 5 and the projected budget deficit identified in Table 2; and
- 12.3 Bring forward proposals, through the financial planning process, to address the deficit.

13. Suggested Reason for Decision

- 13.1 This is a preparatory document to meet the budget process and timetable set out within the Constitution.

Report author: Phil Watts, Chief Finance Officer.

Appendices

1 to 4 Directorate Pressures

Background Papers

Medium Term Financial Plan 2014-2018 – Cabinet 30 September 2014.

<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=25099>

Capital and Revenue Budgets 2015/16 – Report to Council 26 February 2015.

<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=26343>

CHILDREN AND ADULTS

Appendix 1

	For Information			For Information			2015/16 R1	MTFP Pressures / Savings				
	2014/15 Outturn			2015/16 Budget			Forecast	2016/17	2017/18	2018/19	2019/20	
	Exp £'000	Inc £'000	Net £'000	Exp £'000	Inc £'000	Net £'000	Variance £'000	£000s	£000s	£000s	£000s	
CHILDRENS CARE												
Looked After Children & Proceedings	26,074	(2,974)	23,100	23,637	(156)	23,481	1,081					
- Cost of Current Service (external placements)								1,163				
- Cost of Current Service (internal placements)								352				
- Impact of commissioning strategy								(800)				
- Inflation: Fostering (2% pa).								91	91	91	91	
- Demographic Projections (based on increase in school places projections)								223	253	253	253	
Child in Need & Child Protection	3,596	(97)	3,499	3,458	(70)	3,388	192					
Childrens Advice & Duty Service	2,844	(16)	2,828	2,821	(377)	2,444	(0)					
Childrens Care Management	1,153	(294)	859	1,278	0	1,278	(20)					
Early Help	2,595	(847)	1,748	3,079	(2,093)	986	1					
Total for Childrens Care	36,262	(4,228)	32,034	34,273	(2,695)	31,577	1,254	1,029	344	344	344	
DEPUTY DIRECTOR (ADULT SOCIAL CARE)												
Deputy Director	7,084	(8,469)	(1,385)	16,315	(19,167)	(2,852)	568					
- Better Care Fund Shortfall								0				
- Local Welfare Provision								100				
- Increase to QA & Insurance pay								50				
Disability Services	40,043	(2,374)	37,669	38,445	(1,984)	36,461	2,010					
- Cost of Current Service								3,497				
- Impact of commissioning strategy								(1,500)				
- Demographic Pressures								235	210	168	168	
- Independent Living Fund								914				
Head of Adult Social Care & Social Work	30,052	(10,064)	19,988	29,145	(9,174)	19,972	(1,283)					
- Cost of Current Service								(1,299)				
- Demographic Pressures								366	330	330	330	
Mental Health	4,717	(336)	4,380	4,669	(182)	4,486	318					
- Cost of Current Service								516				
- Impact of commissioning strategy								(100)				
- Demographic Pressures								0	0	0	0	
Social Care Business Manager	3,563	(804)	2,759	3,618	(495)	3,123	(92)					
Cross directorate - Abolition of Contracted Out NIC								476				
Adult Social Care: Impact of National Living Wage								500				
Total for Deputy Director	85,458	(22,047)	63,411	92,192	(31,002)	61,190	1,521	3,755	539	498	498	
EDUCATION SERVICES												
Directorate Management Team	901	(302)	599	618	(52)	566	11					
Total Directorate Management Team	901	(302)	599	618	(52)	566	11	0	0	0	0	
Early Years	19,670	(411)	19,259	20,009	(367)	19,642	(57)					
- Potential Early Years Savings								(250)				
Youth Service	3,927	(1,459)	2,468	3,588	(1,123)	2,466	2					
- Potential Out Sourcing of IYSS Services Savings								(350)				
Inclusion Management Team	912	(287)	624	842	(425)	416	167					
School Challenge & Improvement	975	(141)	833	1,088	(133)	955	(102)					
Health & Inclusions	946	(300)	646	657	(80)	576	182					
Psychology & SEN	35,127	(3,217)	31,910	32,958	(1,176)	31,782	(771)					
- Rebase SEN Transport Budget								1,000				
Total Inclusion & School Improvement	61,557	(5,815)	55,740	59,142	(3,304)	55,837	(579)	400	0	0	0	
Commissioning Management Team	427	(154)	273	281	(60)	221	(28)					
Business Support & Commissioning	3,447	(819)	2,628	3,407	(841)	2,566	(6)					
School Organisation & Student Services	2,129	(362)	1,767	1,929	(281)	1,648	99					
- Pressure arising from members decision on Home to School Transport Policy changes not being implemented.								87				
School Services, Quality & Commissioning	1,273	(1,030)	243	1,296	(1,059)	237	(15)					
Total Partnership Commissioning	7,276	(2,365)	4,912	6,913	(2,241)	4,672	50	87	0	0	0	
Finance Provisions	956	(452)	504	493	0	493	0					
HR Provisions	987	(466)	521	739	(428)	311	245					
- Redundancies arising from on-going commitments and school reorganisations								310				
School Grant	80,916	(2,185)	78,731	67,253	(60)	67,193	0					
Total School Retained Funding & Grants	82,859	(3,103)	79,756	68,485	(488)	67,997	245	310	0	0	0	
Total Education	152,593	(11,585)	141,007	135,158	(6,085)	129,072	(273)	797	0	0	0	
TOTAL CHILDRE AND ADULTS	274,313	(37,860)	236,452	261,623	(39,782)	221,840	2,502	5,581	883	842	842	

REGENERATION, COMMUNITY AND CULTURE

Appendix 2

	For Information			For Information			2015/16 R1 Forecast Variance	MTFP Pressures / Savings					
	2014-15 Out-turn			2015-16 Budget				2016/17	2017/18	2018/19	2019/20		
	Net Exp £'000	Net Inc £'000	Net £'000	Net Exp £'000	Net Inc £'000	Net £'000		£000s	£000s	£000s	£000s		
FRONT LINE SERVICES													
Front Line Support	104	(10)	94	158		158	(9)						
Highways	7,505	(1,782)	5,723	7,304	(1,486)	5,818	(56)						
- Contract inflation (2.76%)									158	197	245	305	
- Remove one-off road schemes								(300)					
- Remove one-off potholes								(200)					
Parking Services	4,803	(8,170)	(3,367)	4,513	(7,815)	(3,302)	26						
Integrated Transport	8,720	(1,996)	6,724	8,692	(1,546)	7,146	2						
Waste Services	23,692	(5,320)	18,372	24,229	(6,164)	18,065	0						
- Landfill Tax (£80 per tonne 14/15, linked to inflation for 15/16)									(105)	(81)	(24)	0	
- Changes in waste arisings									277	233	202	222	
- Contract inflation 1.5% 16/17, 2% thereafter									393	514	571	665	
- Shortfall after DCLG fund runs out									1,571	1,386			
- Procurement cost amortisation										(33)			
Performance & Intelligence Hub	148		148	99		99	(2)						
Safer Communities	3,702	(953)	2,749	3,808	(931)	2,877	(15)						
CCTV/Lifeline	2,364	(2,267)	97	2,053	(2,056)	(3)	56						
	50,998	(20,498)	30,540	50,856	(19,998)	30,858	2		1,794	2,216	994	1,191	
HOUSING AND REGENERATION													
Housing & Regeneration Support	67		67	(41)		(41)	0						
Economic Development	1,444	(942)	502	1,202	(902)	300	54						
Planning	527	(4)	523	537	(17)	521	48						
Development Management	1,324	(1,421)	(97)	1,283	(1,253)	30	(54)						
Social Regeneration	2,395	(2,036)	359	479	(165)	314	(6)						
Building Control	161	0	161	152	0	152	0						
Housing	6,529	(1,820)	4,709	5,738	(1,152)	4,586	249		244	317	412	535	
- Homelessness													
Physical Regeneration	336	(255)	81	290	(186)	104	0						
	12,783	(6,478)	6,305	9,640	(3,675)	5,966	291		244	317	412	535	
LEISURE AND CULTURE													
L&C Management Group	112	0	112	(28)	(5)	(33)	9						
Leisure & Sports	5,837	(4,375)	1,462	5,459	(4,477)	982	(30)						
Arts, Theatres & Events	3,641	(2,239)	1,402	2,620	(1,523)	1,097	126						
- Remove one-off Fuse Festival									(45)				
- Remove one-off Rochester Castle Siege									(50)				
- Remove one-off Dickens Country Tour									(50)				
Heritage	982	(291)	691	1,043	(278)	765	(2)						
Greenspaces (and Country Parks)	4,866	(792)	4,074	4,835	(802)	4,033	71						
- Medway NORSE staff pressures due to National Living Wage									140				
- Remove one-off Outdoor Gym									(100)				
- Remove one-off Play Areas									(100)				
Tourism	633	(119)	514	604	(97)	507	11						
Libraries	2,985	(259)	2,726	3,295	(257)	3,038	15						
- Remove one-off Library Books									(100)				
- Remove one-off Hempstead Library									(100)				
	19,056	(8,075)	10,981	17,828	(7,439)	10,389	200		(405)	0	0	0	
Regeneration, Community & Culture Directorate Support	801		801	518		518	(2)						
Cross directorate - Abolition of Contracted Out NIC									328				
Total for Regeneration, Community & Culture	83,638	(35,051)	48,627	78,842	(31,112)	47,731	491		1,961	2,533	1,406	1,726	

BUSINESS SUPPORT DIRECTORATE	For Information			For Information			2015/16 R1	MTFP Pressures / Savings				
	2014/15 Outturn			2015/16 Budget			Forecast	2016/17	2017/18	2018/19	2019/20	
	Exp £'000	Inc £'000	Net £'000	Exp £'000	Inc £'000	Net £'000	Variance £'000	£000s	£000s	£000s	£000s	
CENTRAL FINANCE												
Internal Audit and Counter Fraud	548	(39)	509	517	(21)	496	(30)	(155)				
Rural Liaison Grants	139	(35)	104	75	0	75	(2)					
Corporate Management	2,826	(80)	2,747	3,592	(119)	3,472	10					
Finance Strategy	1,293	(446)	847	956	(116)	840	(50)					
Finance Support Manager	(1)	0	(1)	0	0	0	0					
Revenues and Benefits	108,594	(108,095)	499	107,375	(106,862)	512	147					
- Potential HB Grant Admin reduction (Est. 10%)												
Finance Operations	1,188	(159)	1,029	1,076	(90)	987	(0)	315	140	120	100	
Vacancy savings	0	0	0	(110)	0	(110)	110					
	114,589	(108,854)	5,736	113,481	(107,208)	6,273	0	184	160	140	120	100
COMMUNICATIONS & IMPROVEMENT												
Communications	1,456	(679)	777	928	(419)	509	59					
Vacancy Savings	0	0	0	(102)	0	(102)	102					
Better for Less	262	(262)	0	0	0	0	0					
Performance and Intelligence	413	(0)	413	407	0	407	(22)					
BFL Community Hub	0	0	0	0	0	0	0					
Business and Admin Support	2,107	(143)	1,964	2,055	(115)	1,940	(138)					
	4,238	(1,084)	3,154	3,289	(534)	2,756	0	1	0	0	0	0
DEMOCRACY & GOVERNANCE												
Democratic Services Manager	590	(44)	546	633	(44)	589	(1)					
Head of Customer Services	4,842	(716)	4,126	4,716	(521)	4,196	(16)					
Members and Elections	2,010	(688)	1,322	1,514	(148)	1,366	(62)	(55)				
Registration and Bereavement	1,972	(2,727)	(754)	1,989	(2,533)	(543)	(157)					
Vacancy Savings	0	0	0	(154)	0	(154)	154					
	9,415	(4,175)	5,240	8,697	(3,244)	5,453	0	(81)	(55)	0	0	0
LEGAL CONTRACTS & PROPERTY												
Category Management	778	(50)	728	667	(52)	615	(7)					
Legal Services	1,780	(343)	1,437	1,383	(208)	1,175	321					
Medway NORSE	6,712	(326)	6,386	5,910	(296)	5,614	361					
The impact of living wage on the core contract (assumption is 9% uplift on a staffing budget of £1,757k)									158			
Core contract not adjusted for £210k print income, MFD cost of £42k, vending stock of £92k and clean mail under recovery of £17k.									361			
Property and Capital Projects	3,799	(3,237)	562	3,404	(2,952)	452	35					
Vacancy savings	0	0	0	(91)	0	(91)	91					
	13,069	(3,956)	9,113	11,274	(3,508)	7,766	0	801	519	0	0	0
ORGANISATIONAL SERVICES												
Adult Education	2,027	(2,410)	(383)	2,119	(2,938)	(818)	241					
ICT Manager	4,445	(1,704)	2,741	3,832	(739)	3,093	(150)					
ICT hardware budget under funded									66			
ICT networks (not budget for 3yr. Telephone system renewal in 16/17 and follow me telephony system in 17/18. cost would drop to £85k in 17/18 and £3k in 18/19)									127	(42)	(39)	0
ICT software (Citrix & microsoft EA renewal in 16/17; plus GOOD security & anti virus in 17/18.									62	102	(117)	0
Potential telephony call savings through the introduction of SIP trunking									(40)	(40)	(40)	0
Personnel Services	2,485	(1,544)	941	4,836	(4,128)	708	1					
Vacancy Savings	0	0	0	(111)	0	(111)	111					
	8,957	(5,658)	3,299	10,676	(7,805)	2,871	0	202	215	20	(196)	0
UNDISTRIBUTED BUDGET												
Interest and Financing	16,921	(3,676)	13,245	16,956	(3,712)	13,244	0					
Levies	990	(33)	958	1,071	(33)	1,039	(3)					
Medway NORSE	0	(347)	(347)	0	(263)	(263)	0					
BFL Savings	0	0	0	(450)	0	(450)	0					
Category Management Savings	0	0	0	(1,800)	0	(1,800)	0					
Cross directorate - Abolition of Contracted Out NIC	0	0	0	0	0	0	0		288			
	17,911	(4,056)	13,856	15,777	(4,008)	11,770	0	(3)	288	0	0	0
TOTAL OF ALL BSD BUDGETS	168,179	(127,781)	40,398	163,194	(126,307)	36,887	0	1,104	1,127	160	(76)	100

PUBLIC HEALTH

Appendix 4

	For Information 2014/15 Outturn			For Information 2015/16 Budget			2015/16 Q1 Forecast Variance £'000	MTFP Pressures / Savings			
	Exp £'000	Inc £'000	Net £'000	Exp £'000	Inc £'000	Net £'000		2016/17 £'000	2017/18 £'000	2018/19 £'000	2018/20 £'000
PH Management	2,123	(94)	2,029	1,621	0	1,621	0				
PH Commissioning	3,870	0	3,870	6,306	0	6,306	0				
Business Development	550	(20)	530	576	0	576	0				
DAAT	2,793	(61)	2,732	2,634	(59)	2,575	0				
Health Improvement Programmes	835	0	835	865	0	865	0				
Chlamydia Screening	111	0	111	0	0	0	0				
Stop Smoking Services	563	(4)	559	576	0	576	0				
Supporting Healthy Weight	1,226	(30)	1,196	1,179	0	1,179	0				
Increase in Public Health Grant (0-5 years FYE)			0	0	0	0	0				
2015/16 Public Health Grant Cut			0	0	0	0	0	2,522			
Abolition of Contracted Out NIC			0	0	0	0	0	(1,198)			
Abolition of Contracted Out NIC service savings			0	0	0	0	0	50			
			0	0	0	0	0	(50)			
Total Inclusion & School Improvement	12,071	(209)	11,862	13,757	(59)	13,698	0	1,324	0	0	0