

CABINET

27 SEPTEMBER 2016

MEDIUM TERM FINANCIAL PLAN 2016-2020

Portfolio Holder: Councillor Alan Jarrett, Leader

Report from/Author: 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 2017/18 Revenue Budget.

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 2016-2020 to integrate budget setting with service planning and ensure that priorities and funding are matched.

2. Background

- 2.1. On 29 September 2015 Cabinet considered the Medium Term Financial Plan. This report presented the impact of anticipated reductions in Government funding over a four year period, as well as identifying a number of significant budget pressures facing the Council. The effect of all of this was to present the Council with a shortfall in 2016/17 of £13.8 million, increasing to £41.9 million by 2019/20.
- 2.2. At its meeting on 25 February 2016 the Council agreed a balanced budget for 2016/17, underpinned by some significant savings proposals, which over the medium term were expected to yield the figures outlined below:
- Diagnostic review of adult social care, identifying potential savings of £2.2 million in 2016/17 increasing to £3.9 million in 2017/18;
 - A suite of measures in children's care to save over £2.0 million per annum;
 - £1.5 million per annum from outsourced youth services by January 2017;
 - £2.2 million per annum from a review of early years provision;
 - £1.0 million over three years from a review of leisure services;
 - £1.5 million reductions in public health expenditure over four years;
 - £7.0 million per annum by 2018/19 through digital transformation;
 - £3.0 million from a review of the minimum revenue provision.

- 2.3. 2015/16 saw the Council underspend against the agreed budget, albeit by a modest £125,000. This was achieved in spite of forecasting a £3.2m overspend at quarter 3. An expenditure moratorium was imposed in October 2015, which helped to curtail non-essential spend and contributed to delivering the final position. 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 and some use of reserves.
- 2.4. The challenges facing the Council's finances are further emphasised by the forecast position reported for the first quarter of 2016/17, which reflects continued pressure on social care budgets and in spite of significant management action represents a forecast overspend of around £4.4m.

3. Advice and Analysis

- 3.1. It is still not clear what impact the result of the EU referendum will have on the economy over the medium term or what this and a new Prime Minister will mean for local government. As yet there is no indication of when the Autumn Statement might be expected and for now the resource assumptions remain consistent with the 2016/17 financial settlement in February 2016.
- 3.2. High level spending needs have been reviewed in preparing this report and are summarised in the appendices, 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:
- Medway: A Place to be Proud Of;
 - Maximising Regeneration and Economic Growth;
 - Supporting Medway's People to Realise Their Potential.
- 3.3. This will be achieved through the adoption of three key ways of working :
- Giving value for money;
 - Digital services so good that everyone who can use them prefers to do so;
 - Working in partnership where this benefits our residents.
- 3.4. 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 responsibility for public health and health and wellbeing having already transferred to the Council;
 - Continued reform of the education system with an increasing push towards academies, free schools and a national funding formula;
 - 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;
 - Welfare reform and the continued roll out of Universal Credit in Medway;
 - The move towards 100% business rates retention by the end of this Parliament.

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. Revenue Support Grant: The MTFP projections reflect the indicative reductions in RSG announced as part of the 2016/17 settlement, suggesting that the grant would have reduced from an adjusted 2013/14 baseline of £63.3 million to around £6.1 million by 2019/20 (over 90%).
- 4.3. In announcing the provisional settlement on 17 December 2015 the Secretary of State, Greg Clarke MP, said:

"For the first time ever, I offer a guaranteed budget to every council which desires one and which can demonstrate efficiency savings, for next year and for every year of this Parliament. This represents a four year budget to give certainty and confidence."

He then went on to say:

"Of course this offer is entirely optional. It is open to any council to continue work on a year-by-year basis, but I cannot guarantee future levels of funding to those who prefer not to have a four year settlement."

The precise format and content of the efficiency plan is not prescribed, however the Secretary of State was clear that plans should:

- be locally owned and driven;
 - show how this greater certainty can bring about opportunities for further savings;
 - cover the full 4-year period and demonstrate the benefits to both council and community;
 - be linked into devolution deals where appropriate.
- 4.4. There has been much debate within local government circles about what these plans should look like and through consultation with the various treasurers organisations, CIPFA and the LGA have formulated some pragmatic advice to steer local authorities in preparing their efficiency plans:

"The cornerstone of the efficiency plan is probably the Medium Term Financial Plan (MTFP) for the four years of the offer. Not just the figures in a table, but a short narrative that sets out what the council intends to do to address the challenge of financial sustainability and where it hopes to be at the end of the period. An efficiency plan needs to be about more than just money. The plan should typically be a short 2 – 4 page narrative, with relevant supporting documents to include its latest budget, corporate plan, transformation plan, asset-management plan and baseline organisational structure. It follows that an

efficiency plan needs to have clear links to the Council's corporate plan and where the authority is involved in key partnerships, such as shared management arrangements. It should acknowledge any links with partner organisations."

- 4.5. With the 14 October deadline looming and on the back of the LGA advice, it would appear that the majority of local authorities will be opting to accept the four year deal and will effectively be submitting their Medium Term Financial Plans under the banner of an efficiency plan. Cabinet is recommended to delegate authority for the decision as to whether to accept the four year settlement and the submission of an efficiency plan to the Chief Finance Officer, in consultation with the Leader.
- 4.6. Business Rates: Local government will continue to retain 50% of all business rates collected, until the new 100% business rates retention scheme is introduced by the end of this Parliament. The system of top-ups and tariffs will also remain and Medway will continue to receive a modest top-up of £442,000 in 2017/18. The Council's projected business rates are based upon the current rateable values for properties on the Medway list and do not reflect assumptions about increases or decreases in the overall rateable value in Medway. These projections do however address the inherited deficit on the collection fund and reflect an increase in the appeals provision. The Government is still consulting on how the new business rates system will operate from 2020, however it has been made clear that the changes will be fiscally neutral on local government as a whole.
- 4.7. In respect of council tax, Medway's position in 2016/17 remains one of the lowest in our peer group of Mainland Unitary Councils and the lowest in Kent, 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. Furthermore, the introduction of the adult social care precept allows the council to add an additional 2.0% to the council tax annually giving annual increases of 3.994%.
- 4.8. The tax base upon which the current council tax is set was agreed on 27 January 2016 as 81,613.54 band D equivalents. This represented an increase of 1,400.74 (1.72%) in Band D over the previous year's base, although this was driven by a decrease in the number of council tax reduction scheme claimants and the Council's decision to reduce the maximum discount to 65%, rather than increased levels of house building. Based on the current tax base and the projected number of completions provided by colleagues within planning, it is anticipated that the growth in the tax base could average 0.7% per annum.
- 4.9. 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. Based on the planned trajectory of academy conversions, schools related grant is forecast to reduce dramatically over the next three years, as illustrated in Table 1.

Table 1: Schools Funding

	2016/17 revised	2017/18	2018/19	2019/20
Schools Block: Pupil Numbers	38,158	38,658	39,158	39,658
Early Years Block: Pupil Numbers	3,321	3,446	3,571	3,696
High Needs Block: Pupil Places	1,995	1,995	1,995	1,995
Total all pupils	43,474	44,099	44,724	45,349

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
DSG (gross)	£214.294	£217.672	£220.757	£223.842
Academy deductions	£112.881	£154.188	£178.616	£181.701
DSG (net)	£101.413	£63.484	£42.141	£42.141
Pupil Premium (excludes academies)	£4.997	£0.657	£0.657	£0.657
Sixth Form Funding (excludes academies)	£0.633	£0.633	£0.000	£0.000
Net Schools Funding	£107.043	£64.774	£42.798	£42.798

- 4.10. The Education Funding Agency recently announced that from April 2017 the Education Services Grant, which notionally funds a whole range of schools related activity, will be rolled into the DSG. This in itself would not represent a new pressure, as the ESG and DSG are both linked to pupil numbers and would be similarly impacted by academy conversions, however in consulting on proposals for the early years block the Government has indicated that it will require 93% of this funding to be passed to providers, thus limiting the centrally retained element to 7% of the grant. If the same principle were to be applied to both the early years and high needs block it would have significant implications on the Council's budget.
- 4.11. Medway Council's early years block and high needs block of the DSG currently amount to £40.8 million. At present only around £35.2 million (86%) of this is paid to education providers. The remainder is centrally retained; £4.3 million on direct expenditure within the directorate and a further £1.3 million in the form of support service recharges from the Business Support Department. If this centrally retained component had to reduce to 7% or £2.9 million, this would mean centrally retained expenditure would have to reduce by £2.7 million, with a corresponding increase in the amount available for payments to education providers. This pressure has not been reflected in the summary at Table 2, but it would be naïve to assume that this scale of reduction could be contained within the DSG ring-fence, without impacting upon the wider general fund. Officers have started working on plans in response to the Government's proposals.

- 4.12. 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 considered to be at a minimum level.

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. The MTFP also includes the cost of the Apprenticeship Levy from April 2017.

- 5.2. The MTFP 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 Services (Appendix 1)

Children and Adults 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 cost of current service pressures manifested in the first quarter monitoring figures are based on the current fostering and residential placements and the costs associated with young people leaving care. However, robust management action has already reduced these numbers significantly and the service is confident that the full year effect of these measures will contain spend at the baseline level. Furthermore, continued work at the edge of care is expected to effectively manage demographic growth going forward. The main issue appears to be the continued reliance on agency staff, however work is ongoing to address this.
- 5.3.2. The previously reported risk around the numbers of unaccompanied asylum seeking children coming into the UK has not directly impacted on Medway, however significant numbers have been placed in Medway by KCC and this has had a knock on effect in terms of the availability of local social care and SEN provision.
- 5.3.3. Deputy Director and Adult Social Care: Unfortunately the planned savings from implementing the Newton Europe recommendations cannot be delivered within the originally anticipated timescales and have had to be reprofiled in the MTFP. The Director is however confident that they will be realised over the next three years and is working to stretch targets of over £6.0 million by the third year.

5.3.4. School Effectiveness and Inclusion: The projected full year effect of savings from a review of early years and outsourcing youth services are on target to be delivered, however SEN transport remains a challenge and the directorate is working with category management colleagues and our partners at Norse on a range of solutions to bring expenditure down.

5.3.5. As referred to in Section 4, the Government's push towards academies and free schools, the move to a national funding formula for schools, proposals to reform the early years and high needs block of the DSG and the decision to roll Education Support Grant (ESG) into the DSG, will all impact on the availability of funds to meet the Council's statutory obligations. Significant expenditure reductions will be required in relation to centralised elements of the education budget – schools challenge and improvement, early years, SEN, admissions and the back office functions that support it, such as finance and HR.

5.4. Regeneration, Community, Environment and Transformation (Appendix 2)

5.4.1. Frontline Services:

- Highways Inflationary pressures of £141k will need to be funded if a 'real terms' cut in highway maintenance is to be avoided;
- In each of the last two years £254,000 of the DfT Medway Tunnel grant has been used for revenue purposes as well as for capital. If we are to preserve the residual balance of £1.892m to fund capital expenditure, the revenue budget will need to be increased for 2017/18 and future years.
- Waste Services are currently forecasting an additional requirement for 2017/18 of £306,000 above that reported in the previous MTFP. The overall increase is due to inflationary pressures for collection, disposal and Landfill Tax, having exhausted the DCLG Waste Grant part way through 2016/17;
- The fixed cost option for concessionary fares was reduced by £25,000 for 2016/17 but this still leaves an unfunded pressure of £106,000 which will also be an unfunded pressure for 2017/18. Members are currently reviewing the options and associated risks.

5.4.2. Housing & Regeneration: Housing solutions foresee a continued rise in homelessness costs, although at £250,000 for 2017/18 this represents a reduction in the pressure reflected in earlier iterations of the MTFP.

5.5. Business Support Department (Appendix 3)

5.5.1. Legal and Corporate Services: The MTFP has sought to recognise the need to make provision for the repair and maintenance of the operational property portfolio. More detailed work is being undertaken to assess the future of each property and condition surveys updated, with a view to developing a sustainable programme of revenue investment, over a realistic timeline.

5.5.2. Human Resources: Reflects the ongoing savings targets agreed last year.

5.6. Public Health (Appendix 4)

5.6.1. The trajectory for the public health grant is clear and a four year settlement, outlining annual reductions in excess of 2%, was announced as part of the settlement in February 2016. At this stage the MTFP only reflects the measures agreed to contain future expenditure within the reducing grant levels year on year, however the Interim Director is working on an alternative operating model, which will embed public health activity within the wider Council services and provide opportunities for further savings over the medium to longer term.

5.7. Housing Revenue Account

5.7.1. Whilst this report focuses on the general fund position, it should be noted that in addition to a 1% rent reduction year on year for a four year period, the Government also proposes to levy a subsidy on the HRA based on assumptions about the revenues received from the sale of high value homes. The figures being suggested are significant and, if set at the upper end of the predicted range, could have drastic implications for the future sustainability of the HRA. This issue is so fundamental that it has meant work to update the 30 year business plan has been significantly delayed.

5.8. Table 2 summarises the overall effect of these pressures when combined with the reducing resource assumptions as set out in the report. These projections forecast a deficit in 2017/18 of around £11.7 million, however if the Council can identify further recurrent savings to address this gap, together with the planned savings agreed previously in setting the 2016/17 budget, the Council's finances look to be more sustainable over the medium term.

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

Directorate	2016/17 Quarter 2 Budget	2017/18 Forecast Requirement	2018/19 Forecast Requirement	2019/20 Forecast Requirement
	£000's	£000's	£000's	£000's
Children and Adult Services				
- General Fund Services	109,049.4	109,341.6	110,691.6	112,041.6
- DSG and School Specific Spend	105,545.1	64,021.0	41,300.0	41,300.0
- Public Health	1,660.0	1,660.0	1,660.0	1,660.0
Regeneration, Community, Environment and Transformation				
- General Fund Services	54,218.4	55,162.5	55,522.0	56,390.1
- Public Health	1,007.0	1,007.0	1,007.0	1,007.0
- Digital Transformation	(388.0)	(1,435.0)	(6,225.0)	(6,120.0)
Business Support (BSD):				
- General Fund Services	13,789.1	13,843.1	13,933.1	14,123.1
- DSG	1,498.0	1,498.0	1,498.0	1,498.0
- Public Health	687.6	687.6	687.6	687.6
Public Health	14,763.4	14,316.4	13,852.7	13,389.4
Interest & Financing	9,617.7	9,817.7	10,017.7	10,217.7
Levies	1,038.5	1,038.5	1,038.5	1,038.5
NORSE Rebate	(263.0)	(263.0)	(263.0)	(263.0)
Pay Award / Apprenticeship Levy	0.0	726.0	1,426.0	2,126.0
Budget Requirement	312,223.2	271,421.4	246,146.2	249,096.0
Council Tax	(102,798.6)	(105,542.6)	(110,526.2)	(115,745.2)
Revenue Support Grant	(28,373.8)	(18,847.8)	(12,306.3)	(6,052.7)
Business Rate Retention	(43,035.0)	(44,595.3)	(45,553.3)	(46,008.8)
New Homes Bonus	(7,530.5)	(7,507.5)	(7,162.5)	(7,116.0)
DSG	(101,413.2)	(63,484.0)	(42,141.0)	(42,141.0)
Other School Specific Grants	(5,629.8)	(2,035.0)	(657.0)	(657.0)
Education Services Grant	(2,123.7)	0.0	0.0	0.0
Other Specific Grants	(186.0)	0.0	0.0	0.0
Public Health Grant	(18,118.0)	(17,671.0)	(17,207.3)	(16,744.0)
Use of Reserves	(3,014.5)	(50.0)	(50.0)	0.0
Estimated Available Funding	(312,223.2)	(259,733.2)	(235,603.5)	(234,464.7)
Budget Gap - General Fund	0.0	11,688.2	10,542.7	14,631.3

6. Balancing Resources and Demand

- 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 the delivery of the enablement and 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 building upon the success of the property fund investment decision made during 2015/16;
 - Delivery of the digital transformation agenda;
 - Opportunities for outsourcing other services through the trading company Medway Commercial Group or transfer to the Norse joint venture;
 - Maximising the council tax base including delivery of the housing targets in the local plan;
 - Pursuing other income generation – traded services, review of fees and charges.
- 6.2. At a recent Service Managers meeting the challenges of the MTFP were discussed and managers invited to put forward ideas and suggestions. The following list emerged for consideration:
- Establishment of 'Trusts' for a range of services including leisure, arts and children's social care;
 - Review of parking fees following a 5 year freeze;
 - Work in partnership with local businesses to create a 'Business Improvement District';
 - Consider ways of reducing council office overheads, e.g. let vacant parts of Gun Wharf as part of the smarter working initiative.

7. Timetable

- 7.1. The timetable for the Medium Term Financial Plan and budget setting is as follows:

Report to Cabinet (this report)	27 September 2016
Report to Business Support Overview & Scrutiny	27 October 2016
Portfolio/Directorate reviews	Sept to December
Initial budget proposals to Cabinet	22 November 2016
Reports to Overview & Scrutiny	December/January
Draft budget to Cabinet	7 February 2017
Budget proposals to Council	23 February 2017

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

8. Risk management

- 8.1. 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.

9. Conclusion

- 9.1. The Medium Term Financial Plan identifies our spending needs for 2017/18 and beyond, in the context of a reducing resource base.
- 9.2. Whilst the figures in Table 2 forecast a deficit in 2017/18 of around £11.7 million, if the Council can identify further recurrent savings to address this gap, together with the planned savings agreed previously in setting the 2016/17 budget, the Council's finances look to be relatively sustainable over the medium term.
- 9.3. 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.

10. Financial and Legal Implications

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

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. Recommendation(s)

Cabinet is asked to:

- 12.1 Agree 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.

12.4 Delegate authority to the Chief Finance Officer, in consultation with the Leader, whether to accept the Government's offer of a minimum four year funding settlement, in return for the submission of an efficiency plan based upon the Council's Medium Term Financial Plan.

13. Suggested Reason for Decision

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

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Appendices

Appendices 1-4: Directorate Pressures.

Background papers

Medium Term Financial Plan 2015-2020 – Report to Cabinet 29 September 2015
<https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=28440>

Capital and Revenue Budgets 2016/17 – Report to Council 25 February 2016
<https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=29936>

CHILDREN AND ADULT SERVICES

	For Information 2015/16 Outturn			For Information 2016/17 Budget			2016/17 R1 Forecast Variance £'000	MTFP Pressures / Savings		
	Exp £'000	Inc £'000	Net £'000	Exp £'000	Inc £'000	Net £'000		2017/18 £000s	2018/19 £000s	2019/20 £000s
Children's Care										
Looked After Children & Proceedings	28,095	(694)	27,401	25,382	(226)	25,156	1,522	51		
- Cost of Current Service (external placements)								327		
- Cost of Current Service (internal placements)								770		
- Cost of Current Service (legal expenses)								(1,000)		
- Edge of care									1,000	1,000
- Demographics										
Children in Need and Child Protection	3,202	(150)	3,052	2,394	0	2,394	165			
Childrens Advice and Duty Service	2,716	(341)	2,375	2,527	0	2,527	(264)			
Childrens Care Management	1,411	(4)	1,407	1,458	0	1,458	(12)			
Early Help	2,161	(1,344)	817	2,459	(1,372)	1,088	(0)			
CAMHS	631	(349)	282	594	(70)	524	(6)			
Total Children's Care	38,216	(2,881)	35,335	34,815	(1,668)	33,147	1,406	148	1,000	1,000
Deputy Director (Adult Social Care)										
Deputy Director	18,228	(20,659)	(2,432)	15,877	(18,209)	(2,332)	242	495		
- Better Care Fund Shortfall										
Disability Services	41,203	(2,844)	38,358	40,027	(2,899)	37,128	1,443	1,860		
- Cost of Current Service									1,000	1,000
- Demographic Pressures									(1,000)	(1,000)
- ASC Diagnostic Analysis - Rephasing										
Head of Adult Social Care & Social Work	26,546	(8,494)	18,052	27,397	(8,578)	18,819	(632)	(1,024)		
- Cost of Current Service										
- Demographic Pressures										
Mental Health	5,221	(265)	4,956	5,179	(205)	4,974	246	207		
- Cost of Current Service										
Social Care Business Manager	3,722	(645)	3,077	3,797	(681)	3,116	(11)	(55)		
- Cost of Current Service										
Adult Social Care: Impact of National Living Wage								350	350	350
Total Deputy Director	94,920	(32,908)	62,012	92,277	(30,571)	61,706	1,289	1,834	350	350
Directorate Management Team										
Directorate Management Team	1,420	(877)	543	643	(79)	564	208			
Total Directorate Management Team	1,420	(877)	543	643	(79)	564	208	0	0	0
School Effectiveness and Inclusion										
Early Years	19,617	(1,074)	18,543	18,109	(112)	17,998	4	(1,350)	0	0
- Early Years Restructure Savings Full Year Effect										
Youth Service	3,402	(885)	2,517	3,084	(1,124)	1,960	239	(1,040)	0	0
- Potential Outsourcing of IYSS Services Savings										
Inclusion Management Team	837	(497)	340	413	(97)	315	(91)			
School Challenge and Improvement	984	(255)	729	1,007	(107)	900	(42)			
Health and Inclusions	987	(382)	605	605	(42)	563	(35)			
Sen and Inclusion	34,670	(3,638)	31,031	28,736	(575)	28,161	629			
- Rebase SEN Transport Budget								700	0	0
Total School Effectiveness and Inclusion	60,497	(6,732)	53,766	51,954	(2,057)	49,897	703	(1,690)	0	0
Partnership Commissioning										
Commissioning Management Team	304	0	304	330	(105)	225	97			
Business Support & Commissioning	2,905	(366)	2,540	2,816	(302)	2,514	(67)			
School Organisation & Student Services	1,945	(383)	1,562	1,975	(231)	1,744	11			
School Services, Quality and Commissioning	1,252	(1,143)	109	1,381	(1,153)	228	(18)			
Total Partnership Commissioning	6,406	(1,892)	4,514	6,502	(1,790)	4,711	23	0	0	0
School Retained Funding and Grants										
Finance Provisions	748	(273)	475	1,689	0	1,689	591			
HR Provisions	887	(567)	320	1,045	(428)	618	38			
School Grant	72,961	(2,663)	70,298	63,982	(60)	63,922	(591)	(41,524)	(22,721)	0
- DSG and Other Schools Grant Reductions										
School Funding	0	0	0	0	0	0	433			
Total School Retained Funding and Grants	74,596	(3,503)	71,093	66,717	(487)	66,229	471	(41,524)	(22,721)	0
Total Children and Adult Services	276,054	(48,792)	227,262	252,907	(36,652)	216,255	4,100	(41,232)	(21,371)	1,350

REGENERATION, COMMUNITY, ENVIRONMENT AND TRANSFORMATION

	For Information			For Information			2016/17 R1 Forecast Variance £'000	MTFP Pressures / Savings		
	2015/16 Outturn			2016/17 Budget				2017/18	2018/19	2019/20
	Exp £'000	Inc £'000	Net £'000	Exp £'000	Inc £'000	Net £'000		£000s	£000s	£000s
Front Line Services										
Front Line Support	615	(535)	80	1,049	(1,135)	(86)	(14)			
Highways	7,448	(1,736)	5,712	7,218	(1,612)	5,606	0			
- Traffic Management Permitting Scheme								(250)		
- Invest to save; Controlled Parking Zones								(250)		
Parking Services	2,904	(5,973)	(3,069)	4,844	(8,250)	(3,406)	(5)			(50)
- Cessation of Free Christmas Parking										
Integrated Transport	9,599	(1,830)	7,770	8,613	(1,791)	6,822	0			
- Concessionary Fares								106		
Waste Services	24,926	(6,765)	18,161	25,139	(4,961)	20,178	(115)			
- Uplift, tax and tonnages								633	749	886
- Shortfall after DCLG fund runs out								1,386		
Safer Communities	3,635	(245)	3,390	3,702	(763)	2,939	(86)			
Bereavement & Registration	1,828	(2,876)	(1,048)	2,014	(2,730)	(715)	(105)			
- Fees increased by 9.8%								(24)		
Greenspaces	5,801	(784)	5,017	3,760	(289)	3,471	2			
- National Living Wage								140	140	140
CCTV/Lifeline	2,467	(1,971)	495	907	(717)	190	0			
- MCG Services Ltd								(197)	(180)	(108)
Total Front Line Services	59,223	(22,713)	36,510	57,247	(22,248)	34,999	(323)	1,544	710	868
Physical and Cultural Regeneration										
Management Support	815	(189)	625	762	(85)	677	(250)			
Sports, Leisure, Tourism & Heritage	9,404	(5,018)	4,386	6,818	(4,900)	1,918	0			
- Review of Leisure Services								(295)	(350)	
Festivals, Arts, Theatres & Events	4,085	(2,338)	1,747	2,723	(1,618)	1,105	205			
- Remove one-off Queen's Birthday								(16)		
- Remove one-off Dutch Raid								(50)		
- Remove one-off Dicken's Country								(49)		
- Remove one-off HMS Kent Freedom								(140)		
Planning	3,326	(1,587)	1,738	1,995	(1,371)	624	46			
- Remove one-off Airport Campaign								(15)		
Regeneration Delivery	2,903	(1,674)	1,229	2,109	(1,306)	804	0			
- Remove one-off ERDF Funding								(55)		
- Remove one-off Employ Meday contribution								20		
Building Control	154		154	145		145	0			
Housing	7,928	(2,442)	5,486	5,880	(1,157)	4,723	194			
Physical Regeneration	265	(205)	60	7	(149)	(142)	60			
Total Physical and Cultural Regeneration	28,880	(13,454)	15,426	20,440	(10,586)	9,854	256	(600)	(350)	0
Transformation										
Head of Transformation				134		134	0			
Digitalisation Savings	263	(263)	0	(388)		(388)	218			
- Prudential Borrowing Costs								315	210	105
- Savings Target								(1,362)	(5,000)	
Communications	1,168	(471)	697	855	(419)	436	26			
ICT Development	4,331	(1,023)	3,308	4,429	(923)	3,506	83			
RCC Performance and Intelligence	334	(340)	(6)	134	(291)	(157)	0			
Corporate Performance and Intelligence	357	(6)	351	399		399	3			
Customer Contact, Libraries and Adult Education	7,017	(3,480)	3,537	8,273	(3,080)	5,193	82			
Business Administration	1,677	(132)	1,546	1,655	(115)	1,540	(127)			
Total Transformation	15,147	(5,714)	9,433	15,491	(4,828)	10,664	286	(1,047)	(4,790)	105
RCET Support	938	(818)	120	436	(1,115)	(679)	0	0	0	0
Total RCET	104,188	(42,699)	61,488	93,614	(38,776)	54,837	219	(103)	(4,431)	973

BUSINESS SUPPORT DEPARTMENT

	For Information			For Information			2016/17 R1 Forecast Variance £'000	MTFP Pressures / Savings		
	2015/16 Outturn			2016/17 Budget				2017/18	2018/19	2019/20
	Exp £'000	Inc £'000	Net £'000	Exp £'000	Inc £'000	Net £'000		£000s	£000s	£000s
Central Finance										
Internal Audit & Counter Fraud	669	(141)	528	574	(227)	347	(3)			
Rural Liaison Grants	73		73	75	0	75	(2)			
Corporate Management	3,787	(135)	3,652	2,467	(162)	2,305	(107)			
Finance Strategy	1,088	(120)	968	1,002	(107)	895	(33)			
Revenues & Benefits	106,491	(104,223)	2,269	108,461	(106,631)	1,830	26			
- Review of Steria Contract								(16)		
- Loss of HB Admin Grant								70	60	50
Finance Operations	1,200	(68)	1,133	987	(224)	763	(42)			
Total Central Finance	113,308	(104,686)	8,622	113,565	(107,351)	6,214	(161)	54	60	50
Democracy and Governance										
Democratic Services	734	(44)	690	626	(45)	581	(5)			
Members & Elections	2,061	(751)	1,310	1,504	(148)	1,357	(66)			
Total Democracy and Governance	2,795	(795)	2,000	2,130	(193)	1,938	(71)	0	0	0
Legal, Contracts and Property										
Vacancy Provision							91			
Category Management	655	(49)	606	622	(572)	50	0			
Legal Services	2,648	(1,080)	1,568	2,046	(792)	1,254	42			
Medway Norse	6,315	(307)	6,008	6,199	(279)	5,921	(36)			
- Facilities Management National Living Wage								140	140	140
Property and Capital Projects	4,241	(2,985)	1,256	3,057	(3,173)	(116)	61			
Total Legal, Contracts and Property	13,859	(4,421)	9,438	11,924	(4,816)	7,108	158	140	140	140
Organisational Services										
HR & Organisation Service	3,057	(1,844)	1,212	4,602	(3,886)	715	55			
- Review of HR Services								(140)	(110)	
Total Organisational Services	3,057	(1,844)	1,212	4,602	(3,886)	715	55	(140)	(110)	0
Total for Business Support	133,019	(111,746)	21,273	132,221	(116,245)	15,975	(19)	54	90	190

PUBLIC HEALTH

	For Information			For Information			2016/17 R1 Forecast Variance £'000	MTFP Pressures / Savings		
	2015/16 Outturn			2016/17 Budget				2017/18	2018/19	2019/20
	Exp £'000	Inc £'000	Net £'000	Exp £'000	Inc £'000	Net £'000		£000s	£000s	£000s
PH Management	2,462	(849)	2,072	1,747		1,747				
PH Commissioning	4,488		3,952	6,794		6,794				
Business Development	638	(181)	541	621		621				
DAAT	3,239	(551)	2,790	2,838	(59)	2,779				
Health Improvement Programmes	968		853	932		932				
Chlamydia Screening	129		113							
Stop Smoking Services	653	(36)	571	621		621				
Supporting Healthy Weight	1,422	(271)	1,221	1,270		1,270				
Increase in Public Health Grant (0-5 years FYE)										
Hypothecated Savings										
Total Public Health	14,000	(1,888)	12,112	14,822	(59)	14,763	0	(447)	(464)	(463)