North Somerset Council

REPORT TO THE COUNCIL

DATE OF MEETING: 12 JANUARY 2016

SUBJECT OF REPORT: 2016/17 FINANCE SETTLEMENT AND ITS IMPACT ON THE MEDIUM TERM FINANCIAL PLAN, (MTFP)

TOWN OR PARISH: ALL

OFFICER/MEMBER PRESENTING: HEAD OF FINANCE AND PROPERTY

KEY DECISION: N/A

RECOMMENDATIONS

The Council is asked to :-

a) note the update to the MTFP revenue resources resulting from the Financial Settlement announced on 17th December 2015;

b) note the revised revenue budget gap for 2016/17 and the options being considered for setting a balanced budget.

1. SUMMARY OF REPORT

This report provides an update to the five year Medium Term Financial Plan, (MTFP), as a result of the Local Government Financial Settlement which was announced on 17th December 2015.

In our original revenue forecasts, we had assumed that the core funding streams of Council Tax Base and Business Rate retention, both generated locally, would be protected from any government cuts. However, the Government has applied a 6% reduction across all revenue income resulting in a significantly larger than expected cut on our Revenue Support Grant (RSG).

Having reported a 2016/17 gap of £1.285m in December '15, with the subsequent removal of Council Tax freeze grant, no funding provided for the implementation of National Living Wage and higher than anticipated reductions in RSG, we are now looking to bridge a gap of circa £4.6m for 2016/17.

In a change in government policy, rather than encouraging councils to freeze council tax, the financial settlement assumes, within headline spending figures, that councils will increase Council Tax by 3.75% for each of the next four years. Options around future
council tax increases for North Somerset alongside other mitigating actions are currently being considered in order to present a robust budget to February 2016 Council.

Although core revenue funding has been announced, we are still awaiting details of certain specific grants which could impact on the bottom line figure. Any material changes will be tabled at the Council meeting.

2. POLICY

The MTFP is a core strategic document which will support the delivery of the Council’s Corporate Plan. The legal requirement is to produce a robust revenue budget for the 2016/17 financial year along with relevant Council Tax bandings and rates. This will be published and approved by Council in February 2016.

The current approved revenue MTFP covers the period 2015/16 to 2017/18. The proposed integrated revenue and capital MTFP will cover the period 2016/17 to 2020/21.

3. DETAILS

3.1 Revenue Resources Assumptions

Prior to the Settlement, our revenue resource assumptions for the next five years are as detailed in figure 1:

**Figure 1: our five year revenue resource forecast as at 24 November 2015:**

<table>
<thead>
<tr>
<th></th>
<th>2015/16 £000</th>
<th>2016/17 £000</th>
<th>2017/18 £000</th>
<th>2018/19 £000</th>
<th>2019/20 £000</th>
<th>2020/21 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Grant - RSG</td>
<td>26,488</td>
<td>20,154</td>
<td>15,054</td>
<td>10,771</td>
<td>6,688</td>
<td>4,500</td>
</tr>
<tr>
<td>Govt Grants - Business Rates</td>
<td>2,083</td>
<td>2,086</td>
<td>2,089</td>
<td>2,093</td>
<td>2,096</td>
<td>1,764</td>
</tr>
<tr>
<td>New Homes Bonus Grant</td>
<td>5,530</td>
<td>6,597</td>
<td>6,769</td>
<td>7,516</td>
<td>8,488</td>
<td>9,209</td>
</tr>
<tr>
<td>Council Tax Base</td>
<td>86,194</td>
<td>88,201</td>
<td>89,654</td>
<td>91,035</td>
<td>92,395</td>
<td>93,608</td>
</tr>
<tr>
<td>Freeze Grant / increases</td>
<td>954</td>
<td>1,911</td>
<td>2,872</td>
<td>3,865</td>
<td>4,867</td>
<td>5,881</td>
</tr>
<tr>
<td>Business Rates Income</td>
<td>28,425</td>
<td>29,690</td>
<td>31,462</td>
<td>32,311</td>
<td>33,010</td>
<td>33,668</td>
</tr>
<tr>
<td>Use of Reserves</td>
<td>689</td>
<td>271</td>
<td>288</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Collection Fund Surplus</td>
<td>1,135</td>
<td>900</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Funding for National Insurance</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td><strong>151,498</strong></td>
<td><strong>149,810</strong></td>
<td><strong>148,188</strong></td>
<td><strong>147,591</strong></td>
<td><strong>147,544</strong></td>
<td><strong>148,630</strong></td>
</tr>
</tbody>
</table>

Within this forecast, we had anticipated that the two largest income streams of Council Tax, (circa £88m), and Business Rates, (circa £29m), would be exempt from government spending reductions due to this income being locally generated.

The main element of funding that was expected to be reduced was the Revenue Support Grant, (RSG), where we had modelled a 24% reduction from £26.488m in 2015/16, to £20.154m for 2016/17, a drop of £6.3m. We also indicated, in previous Executive reports,
that the Council Tax Freeze Grant and New Homes Bonus funding streams were at risk of further reductions.

In the Settlement, the Government in fact combined the complete Council ‘Spending Power’ of Council Tax, Business Rates and RSG and then applied a 6% cut to the resulting total income. In effect, we have now taken a 6% reduction on locally generated income that we had not anticipated. The resulting total reduction is then applied to the RSG element of funding, reducing this to £19.199m in 2016/17. In addition to this, the £0.954m 2015/16 approved Council Tax freeze grant is also ‘rolled up’ within the £19.199m.

For comparison purposes our forecasted reduction in Revenue Support Grant compared to actual settlement is detailed in Figure 2.

**Figure 2: Comparison of estimated vs actual reduction in Revenue Support Grant**

<table>
<thead>
<tr>
<th></th>
<th>2015/16 £000</th>
<th>2016/17 £000</th>
<th>Variances £000</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Somerset RSG estimate</td>
<td>26,488</td>
<td>20,154</td>
<td>-6,334</td>
<td>-23.9</td>
</tr>
<tr>
<td>2015/16 Council Tax Freeze Grant</td>
<td>954</td>
<td>954</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Totals:</strong></td>
<td><strong>27,442</strong></td>
<td><strong>21,108</strong></td>
<td><strong>-6,334</strong></td>
<td><strong>-23.1</strong></td>
</tr>
<tr>
<td>Actual Settlement figures</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17th December Settlement RSG</td>
<td>26,488</td>
<td>19,199</td>
<td>-7,289</td>
<td>-27.5</td>
</tr>
<tr>
<td>2015/16 Freeze Grant rolled into RSG</td>
<td>954</td>
<td>0</td>
<td>-954</td>
<td>-100.0</td>
</tr>
<tr>
<td><strong>Totals:</strong></td>
<td><strong>27,442</strong></td>
<td><strong>19,199</strong></td>
<td><strong>-8,243</strong></td>
<td><strong>-30.0</strong></td>
</tr>
</tbody>
</table>

These figures demonstrate a RSG drop of 30% in a single year which is £1.9m more than we anticipated within our December MTFP.

With the 2015/16 Council Tax freeze grant absorbed, along with previous year grants, into RSG, the Government has indicated that there will be no further freeze grants applicable from 2016/17 onwards. In fact, the government's stance on council tax rises has completely changed in this Spending Review with their headline local government spending figures assuming that all councils will increase council tax by 3.75% for each of the next four financial years.

Part of this assumption is the introduction of a 2% per annum Council Tax levy to be applied for Adult Social Care ‘growth’. Within the published local government ‘spending power’ figures, the government has assumed that this levy will be taken up by all authorities. In terms of North Somerset, we have already built in growth of £1.94m in 2016/17 for Adult Social Care, (including the loss of care reform grant), which equates to more than a 2% Council Tax increase.

Another material policy change is the treatment of New Homes Bonus. From 2011/12, the council has received £1,400 for each new home built, or brought back into use, for a 6 year revenue period. With the volume of housing growth over recent years, and anticipated growth over coming years, this equates to a significant revenue income stream. The government are now proposing to reduce the period that this funding is available from 6 to 4 years and ‘top slice’ the overall grant available in order to fund other spending priorities such as the Better Care Fund. This policy change is currently out for consultation with the headline impact being a significant reduction in New Homes Bonus funding allocated to
local authorities over future years. We have re-worked our revenue resource assumptions accordingly.

On a more positive note, the settlement referenced there being extra funding in future years allocated to the Better Care Fund to meet the demand pressures of Health and Social Care. However, details as to how much this will be, and whether it is ‘new’ money is yet to be confirmed with the indications being that any additional funding will be back-loaded towards the end of the four year Spending Review period.

The impact of 100% Business Rate retention across Local Government is still unknown and is not likely to be clarified for several months. Caution is advisable in terms of whether this policy change will benefit North Somerset financially especially in the light of the government applying a 6% reduction to Business Rates, alongside other income streams, for 2016/17.

Accounting for all of the changes detailed in the 17 December 2015 settlement figures, our revised five year revenue resource assumptions are detailed in Figure 3

**Figure 3: our five year revenue resource forecast as at 18 December 2015:**

<table>
<thead>
<tr>
<th></th>
<th>2015/16 £000</th>
<th>2016/17 £000</th>
<th>2017/18 £000</th>
<th>2018/19 £000</th>
<th>2019/20 £000</th>
<th>2020/21 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Grant Funding - RSG</td>
<td>26,488</td>
<td>19,199</td>
<td>11,697</td>
<td>7,132</td>
<td>3,275</td>
<td>1,200</td>
</tr>
<tr>
<td>Council Tax Freeze Grant</td>
<td>954</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Govt Grants - Business Rates</td>
<td>2,083</td>
<td>2,095</td>
<td>2,104</td>
<td>2,093</td>
<td>2,096</td>
<td>1,764</td>
</tr>
<tr>
<td>New Homes Bonus Grant</td>
<td>5,530</td>
<td>6,652</td>
<td>4,571</td>
<td>4,777</td>
<td>4,858</td>
<td>5,067</td>
</tr>
<tr>
<td>Council Tax Base</td>
<td>86,194</td>
<td>88,073</td>
<td>89,654</td>
<td>91,035</td>
<td>92,395</td>
<td>93,608</td>
</tr>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Collection Fund Surplus</td>
<td>1,135</td>
<td>900</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>151,498</strong></td>
<td><strong>146,880</strong></td>
<td><strong>139,776</strong></td>
<td><strong>137,348</strong></td>
<td><strong>135,634</strong></td>
<td><strong>135,307</strong></td>
</tr>
</tbody>
</table>

*Note: Resource figures are still provisional with further changes likely on New Homes Bonus and Better Care Fund which will impact on future years’ RSG*

The figures assume that government will continue the formula as used for 2016/17 in applying a 6% reduction across all revenue income streams which will result in a more rapid decline in Revenue Support Grant.

This suggests that the 2015/16 funding level of £151.5m will drop to £135.3m by 2020/21, a reduction of £16.2m or 10.7% whilst absorbing increasing demand and cost pressures on front line services. However, the Government has publicly reported that Local Authority spend will be at the same level in four years’ time as it is now. This statement assumes that councils will enact the full take up of a 3.75% Council Tax rise for each financial year.
3.2 Revised Revenue Gap

Absent from the settlement was any mention of new funding to implement the National Living Wage which starts to have significant financial implications from April 2016. Although this is not significant for the councils wage bill, there will be material costs incurred on several of our major contracts such as social care and leisure. The cost of this to North Somerset will be circa £1.4m in 2016/17 with a further £1m for the following three financial years. These costs have now been fully incorporated within our revised MTFP.

Adding the post settlement resources to these increased costs, our revised revenue gap for 2016/17 amounts to £4.683m which is summarised in Figure 4.

Figure 4: North Somerset 2016/17 Revenue Budget Gap as at January 2016

<table>
<thead>
<tr>
<th>Description</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue gap as published in December ‘15</td>
<td>1,285</td>
</tr>
<tr>
<td>Added cost of National Living Wage</td>
<td>1,400</td>
</tr>
<tr>
<td>Withdrawal of 2016/17 Council Tax Freeze Grant</td>
<td>957</td>
</tr>
<tr>
<td>Larger than anticipated cut against Revenue Support Grant</td>
<td>943</td>
</tr>
<tr>
<td>Other minor variations in assumptions</td>
<td>98</td>
</tr>
<tr>
<td><strong>Revised 2016/17 revenue gap post settlement</strong></td>
<td>4,683</td>
</tr>
</tbody>
</table>

Re-working the December 2015 settlement information with the existing service growth and budget savings plans, as previously reported, provides a five year revenue MTFP, (prior to further mitigation), as detailed in Figure 5.

Figure 5: North Somerset 5 year Revenue Budget Gap as at January 2016

<table>
<thead>
<tr>
<th></th>
<th>2016/17 £000</th>
<th>2017/18 £000</th>
<th>2018/19 £000</th>
<th>2019/20 £000</th>
<th>2020/21 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue Resources</strong></td>
<td>146,880</td>
<td>139,776</td>
<td>137,348</td>
<td>135,634</td>
<td>135,307</td>
</tr>
<tr>
<td>Base Spend per previous year</td>
<td>151,498</td>
<td>146,880</td>
<td>139,776</td>
<td>137,348</td>
<td>135,634</td>
</tr>
<tr>
<td>Growth</td>
<td>7,787</td>
<td>5,360</td>
<td>4,400</td>
<td>4,050</td>
<td>3,791</td>
</tr>
<tr>
<td>Savings</td>
<td>-7,722</td>
<td>-5,174</td>
<td>-4,241</td>
<td>-2,380</td>
<td>-1,540</td>
</tr>
<tr>
<td>Revised Base Spend</td>
<td>151,563</td>
<td>147,066</td>
<td>139,935</td>
<td>139,018</td>
<td>137,885</td>
</tr>
<tr>
<td><strong>Gap / (surplus) per annum:</strong></td>
<td>4,683</td>
<td>7,290</td>
<td>2,588</td>
<td>3,384</td>
<td>2,578</td>
</tr>
</tbody>
</table>

3.3 New Mitigating Actions to deliver a Balanced budget

The biggest single area for consideration is the level of acceptable Council Tax increase. There are no increases built into the figures detailed within this report with the previously reported 1% freeze grant being removed from the resources line.

As stated, the government’s own headline figures assume that local authorities apply the 2% year on year adult social care levy. £1.7m additional income per annum would be
generated should North Somerset decide to enact this levy. If we were to follow the
government’s lead in applying an additional 1.75% Council Tax increase to retain Local
Government spend at its existing level over the four year period, this would net further
income of £1.5m per annum.

To partially offset the cost of National Living Wage and service growth in Adult Social Care
there is indication in the Settlement that the Better Care Fund, (BCF), will be increased from
2018/19 onwards. A prudent figure of £300k per annum has been incorporated in our
estimates at this stage whilst we receive, and work through, further details on BCF.

There is potential to bring forward some savings plans from 2017/18 to 2016/17, the most
significant of which are:

(a) additional business rate income of £700k and
(b) additional savings through negotiations with leisure providers £300k

Our December MTFP report assumed growth of £450k per annum to meet the anticipated
further reduction in Public Health Grant. The actual level of confirmed reduction is circa
£250k per annum. This growth has been removed from 2016/17 due to the immediate
budget pressure and a decision could be taken to adopt the same approach for future
financial years thus requiring Public Health to spend within the cash limited grant available.
However, achieving further savings in this area will be challenging on the back of recent
MTFP savings and 2015/16 budget cuts already applied to Public Health.

Similarly growth of £150k has been removed from 2016/17 in respect of increased utilities
costs with departments expected to reduce energy usage accordingly to meet any
increases in tariff. A decision could be made to reduce future year utility costs in the same
way.

Other areas that could provide financial benefit in future years include:

- the phasing out of Council Tax Support Grant to Town and Parish Councils which
  is currently £300k per annum. The earliest that any further reduction could apply
  would be in 2017/18;
- recouping borrowing costs of £250k from projects implemented and delivered
  through City Deal (likely to be achievable in 2019/20 financial year)

A range of new mitigations being considered by officers and the Executive is shown in
**Figure 6** which includes an illustration of the government’s assumption of a **3.75% annual
council tax increase**.

There will need to be further savings plans and income generation proposals bought to the
table in order to produce a robust budget for next year and balance the books over the
medium term. To date, we have resisted the option of using ‘one-off’ council reserves to set
against future year on-going revenue expenditure. However, due to the severity of cuts in
2016/17 and 2017/18, we might have to reconsider this to smooth / phase the
implementation of further savings proposals.

Departments will be asked to bring forward further proposals over the coming weeks and
months and we will continue to update the MTFP accordingly. One such proposal will be a
review of car park charging and income generated through the introduction of Controlled
Parking Enforcement, (CPE), across North Somerset. Although such proposals will clearly
require further working up and thorough consultation.
Figure 6: Mitigation Options so far for delivering a balanced budget as at Jan 2016

<table>
<thead>
<tr>
<th></th>
<th>2016/17 £000</th>
<th>2017/18 £000</th>
<th>2018/19 £000</th>
<th>2019/20 £000</th>
<th>2020/21 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue Resources</strong></td>
<td>146,880</td>
<td>139,776</td>
<td>137,348</td>
<td>135,634</td>
<td>135,307</td>
</tr>
<tr>
<td>Base Spend with Growth &amp; Savings</td>
<td>151,563</td>
<td>147,066</td>
<td>139,935</td>
<td>139,018</td>
<td>137,885</td>
</tr>
<tr>
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<td>7,290</td>
<td>2,588</td>
<td>3,384</td>
<td>2,578</td>
</tr>
</tbody>
</table>

**Mitigating Options**

- Accept 2% ASC Council Tax levy: -1,700 -1,700 -1,700 -1,700 -1,700
- 1.75% C.Tax increase per govt figures: -1,500 -1,500 -1,500 -1,500 -1,500
- New allocation of Better Care Fund: -300 -300 -300
- B/F plans for Business Rates & Leisure: -1,000 1,000
- Phase out Council Tax Support Grant: -100 -100 -100
- Car park charging review / CPE: -50 -350 -350
- Reclaim City Deal borrowing costs: -250
- Public Health spend to match grant: -450 -450 -450 -450
- Remove future year utility growth: -150 -150 -150 -150

**Potential mitigations so far**

-4,250 -3,250 -4,550 -4,450 -4,100

**Further mitigations to find:**

433 4,040

**Indicative Future Year Surplus**

- -1,962 -1,066 -1,522

* Note: Resource figures are still provisional with further changes likely which will impact on future year estimates

### 3.4 Medium Term Resources

The government has asked all local authorities whether they would like to ‘sign up’ to a four year financial grant settlement in order to provide greater stability to medium term financial planning. At present, such a decision has to be made by 15 January 2016.

There still remains several unknown key factors and treatment of core income streams the main ones being:

- Lack of clarity on how 100% business rate retention will be implemented;
- Unknown impact of New Homes Bonus proposed policy changes;
- The extent of new monies (or top sliced existing monies) feeding into the Better Care Fund in future years

With such uncertainty, it is difficult to ascertain what the council would be actually signing up to. We will provide a verbal update to Council on 12 January as to whether we are likely to accept this four year offer.
4. CONSULTATION

Consultation on the refreshed MTFP has run simultaneously with the emerging new Corporate Plan. Scrutiny of the budget setting process has been broken down into three discrete sections and opened up to constructive challenge to all Council members:

- **Stage 1:** 8th September 2015 Executive report – challenging the 5 year revenue and capital resource assumptions: Scrutiny on 12th October 2015;
- **Stage 2:** 20th October 2015 Executive report – challenge the growth expenditure commitments included within 5 year MTFP and indicative savings plans to address the budget gap: Scrutiny on 4th November 2015;
- **Stage 3:** 8th December 2015 Executive report – challenge the budget savings proposals for delivering a 5 year balanced MTFP. Scrutiny on 15th December 2015

Along with the Corporate Plan, we engaged with Town and Parish Councils in October 2015 and have met with other key partner organisations such as the Police and Health.

An article will be placed in the January 2016 edition of ‘North Somerset Life’ magazine to inform and engage with the general public on our financial challenges and high level budget savings proposals.

Ultimately the revised Corporate Plan, the refreshed MTFP and detailed 2016/17 revenue budget will be approved by Council in February 2016.

**Figure 7** details the timeline and shows how the MTFP links with Corporate Plan, service and team planning, and setting individual staff objectives.

**Figure 7: Corporate Plan and MTFP process and timeline**

<table>
<thead>
<tr>
<th>Corporate Plan</th>
<th>Financial Planning</th>
<th>Service Planning &amp; objectives</th>
<th>Performance Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree draft vision &amp; ambitions Sept 2015</td>
<td>Agree approach to MTFP update and budget setting</td>
<td>Mid year appraisal reviews Sept - Oct 2015</td>
<td>Development of key indicators to align with the new ambitions Sept - Oct 2015</td>
</tr>
<tr>
<td>Agree draft plan and publish for public consultation Dec 2015</td>
<td>Draft MTFP and budget proposals December 2015</td>
<td>Refresh directorate service and team plans Sept-Dec 2015</td>
<td>Publish new basket of Key Corporate Performance Indicators Dec 2015</td>
</tr>
<tr>
<td>Corporate Plan Signed off Feb 2016</td>
<td>Full Council signs off budget Feb 2016</td>
<td>Implementation and monitoring of plans Jan 2016 onwards</td>
<td>Quarterly Performance Reporting Jan 2016 onwards</td>
</tr>
</tbody>
</table>
5. **FINANCIAL IMPLICATIONS**

In July 2015 the government made a clear indication for the Spending Review that financial cuts to non-protected services would continue over the medium term stating as much as 25% to 40% in some areas over the next four years. In addition, the Chancellor’s announcement on 5th October 2015, on the future of local business rate retention, will throw further complexity into future year finances. The Autumn Statement and Spending Review announced on 25 November 2015 provided some top level messages, with detailed resource allocations announced on 17th December 2015. However, there still remains significant uncertainty around certain income streams and treatment of grants.

The ongoing financial challenges for local government underline the need to ensure that financial planning and service planning are integrated. The Corporate Plan has been developed alongside the refresh of the Medium Term Financial Plan, and both will be signed off together. The financial implications of any projects and initiatives stemming from the Corporate Plan – one off costs and ongoing revenue costs or savings- will be identified to ensure that commitments are realistic, and that projects which maximise the Council’s resources are prioritised.

6. **RISK MANAGEMENT**

We have maintained an active revenue and capital risk register throughout the budget setting and MTFP process as detailed in the September, and October and December 2015 Executive reports.

Individual risk scores have increased and decreased as more information has become available and mitigation enacted. At the time of publishing this report the current significant financial risks are as detailed in Figure 8

**Figure 8: Key Revenue & Capital risks as at January 2016**

<table>
<thead>
<tr>
<th>Risk area</th>
<th>Initial Risk Score</th>
<th>Potential mitigation</th>
<th>Risk Score After Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1: Any legacy overspending through not delivering a balanced budget in 2015/16.</td>
<td>4      5   20</td>
<td>Continue robust monitoring and bringing forward further mitigating items. Indicative Month 8 showing budget pressures remaining in social care.</td>
<td>4 4 16</td>
</tr>
<tr>
<td>2: Potential impact of the Living Wage on future care contract costs.</td>
<td>4 5 20</td>
<td>Continue to work with care providers and manage down costs where possible. Indicative allocation made in January ‘16 MTFP</td>
<td>4 4 16</td>
</tr>
<tr>
<td>3: Acceptability of North Somerset Council Tax increases in line with Government’s expectations</td>
<td>4 5 20</td>
<td>To be considered and determined by the Executive and Council in January / February 2016.</td>
<td>4 4 16</td>
</tr>
<tr>
<td></td>
<td>Future New Homes Bonus and Revenue Support grant reductions exceeding our MTFP forecasts</td>
<td>4</td>
<td>5</td>
</tr>
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<td>---</td>
</tr>
<tr>
<td>5</td>
<td>Inability of departments to develop further savings proposals over and above challenging plans already accepted</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>Lack of clarity as to the impact of 100% business rate retention for North Somerset</td>
<td>5</td>
<td>4</td>
</tr>
</tbody>
</table>

**Key:** \( P = \text{Probability} / I = \text{Impact} / S = \text{(Risk) Score} \)

These risks will continue to change and evolve over the coming months and we will adapt the risk register and mitigation accordingly.

### 7. EQUALITY IMPLICATIONS

In considering its vision, ambitions and financial planning the Council should be mindful of its Public Sector Equalities Duties to have due regard to the need to:

- eliminate unlawful discrimination
- advance equality of opportunity; and
- encourage good relations between groups.

As per previous years, we have undertaken thorough Equality Impact Assessments, (EIA), for all significant budget savings plans which have been published in the Council’s website. An EIA workshop of key stakeholders was held on 7th January 2016 to consider and comment on all published assessments linked to budget saving plan proposals.

### 8. CORPORATE IMPLICATIONS

The Corporate Plan and MTFP are vital tools to help align effort across the organisation and ensure that services are all pulling in the same direction. With continuing national austerity, it is essential that the council’s limited resources continue to be prioritised and allocated to the areas of greatest need.

### 9. OPTIONS CONSIDERED

We could continue with the approach of a three year revenue MTFP which has been largely successful in delivering a year on year balanced budget over recent years. However with further cuts on the horizon, it is considered that a fully integrated revenue, capital, borrowing and financial reserves five year plan is preferable.

A range of scenarios and savings proposals will continue to be considered in the development of the MTFP.
AUTHOR

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BACKGROUND PAPERS

MTFP & 2015/16 Budget Setting Report (February 2015)
Corporate Plan 2011-15
MTFP Executive Report 8th September 2015
Corporate Plan Executive Report 8th September 2015
MTFP Executive Report 20th October 2015
MTFP Executive Report 8th December 2015