

REPORT

SUBJECT:	Revenue and Capital Budget 2016/17– Final proposals following public consultation
MEETING:	Council
DATE:	21st January 2016
DIVISION/WARDS AFFECTED:	ALL

1. PURPOSE:

- 1.1 To update Council with the consultation responses to the budget proposals issued by Cabinet on the 7th October 2015 and 3rd December 2015 in respect of the Capital and Revenue budgets.
- 1.2 To update members with implications arising from the provisional Settlement announcement of the Welsh Government.
- 1.3 To make recommendations to Council on the Capital and Revenue budgets and level of Council Tax for 2016/17.
- 1.4 To receive the Responsible Financial Officer's Prudential Indicator calculations for capital financing.
- 1.5 To receive the statutory report of the Responsible Financial Officer on the budget process and the adequacy of reserves.

2. RECOMMENDATIONS:

- 2.1 That Council approves (subject to Final Settlement from WG):
 - The 2016/17 revenue budget as attached in Appendix I
 - The 2016/17 to 2019/20 capital programme as attached in Appendix J1, including the revisions to the 21st century schools programme highlighted in paragraph 3.34.
 - A 3.95% increase in the Band "D" equivalent Council Tax for the County in 2016/17.
- 2.2 That Council notes the necessary saving proposals and the release of £1.822 million from earmarked reserves to deliver the changes required and support the 2016/17 revenue and capital budget.
- 2.3 That Council notes the draft response to Welsh Government on the provisional settlement, and that the Final settlement is due to be published on 2nd March 2016.
- 2.4 That Council approves the disposal of assets identified in the exempt background paper at best value.
- 2.5 That Council considers the Responsible Financial Officers report on the robustness of the budget process and the adequacy of reserves issued under the provisions of the Local Government Act, 2003.
- 2.6 That Council adopts the Responsible Financial Officers report on Prudential Indicators.

- 2.7 That Council formally notes that the Schools based budgets are currently protected at cash flat line.
- 2.8 That Council notes that further work will be undertaken on the following:
- Further work is undertaken to develop a balanced MTFP over the 3 year period 2017/18 to 2019/20
 - Regular review of the MTFP to ensure it remains up to date

3. KEY ISSUES:

CHANGES SINCE CABINET on 6th January 2016

- 3.1 The notification of the SWFA precept has now been received and this has confirmed the increase for 2016/17 as £21k, which reduces the pressure identified below from £34k to £21k.
- 3.2 Cabinet have continued to consider the level of Council Tax increase given the slightly better provisional settlement than expected. The final settlement will not be received until March, and whilst there are not expected to be any significant changes, Cabinet are awaiting the Minister's response to the proposal submitted to introduce a Rural Stabilisation Grant for the Authorities that received the greatest reduction in funding.
- 3.3 A lower increase in Council Tax of 3.95% would result in a net reduction in income from Council Tax of £433k (taking into account Council Tax Reduction Support). Cabinet are proposing to amend the budget proposals to reduce the amount of the Redundancy budget pressure by £420k which together with the reduction in SWFA precept pressure above would fund the lower council tax income. The impact of this would be that the redundancy budget would remain, but instead of forming part of the base budget it would need to be funded from earmarked reserves as has been the case in previous years.
- 3.4 Given the level of the Redundancy reserve and commentary on reserves as part of this report and appendices, this proposal is workable with the proviso that:
- If the final funding figures from WG improve, it is recommended that the redundancy budget be funded within the base budget as far as possible
 - Any net underspend at year end will be used to replenish the Redundancy reserve
 - Any scope to redistribute reserves will prioritise replenishment of the Redundancy reserve

BUDGET CONSULTATION

- 3.5 Cabinet issued its budget consultation proposals on 7th October 2015 thereby allowing a period for consultation and scrutiny. These were early budget ideas and further work has been undertaken following engagement. Further engagement is taking place on the ideas proposed in the Cabinet report in December and any additional information will be taken into account in the report to Council. The MTFP and budget is also due to be discussed at the Joint Select committee on 16th December 2015 to which all members have been invited. The proposals were also considered by the Children's and Young Persons, Strong Communities, Adult Services, and Economy and Development, the Schools Budget Forum and JAG. Extracts of the draft minutes from the Committees are included as **Appendices A/1 to A/4, A/6, A/7 and A/9** respectively and a summary of the comments from Select committees are included at **Appendix A/5**.

- 3.6 A report on the extent of activity and response from the Monmouthshire Engages work is attached at **Appendix A/8**. The Inclusion Group and other relevant groups were also consulted on the work undertaken to assess the Equality Impact of the budget proposals.
- 3.7 As might be expected, responses to consultation varied, however there have been no strong objections made to the overall shape of the budget reduction proposals. There were however a number of comments that were received via the Select Committee meetings and other consultation meetings that are identified below. The use of social media as a mechanism for sharing information and getting feedback has increased this year with 3,213 people liking the Facebook page, 24,453 people reached through Facebook posts and 12,520 followers on Twitter. A survey was undertaken through a variety of means and a Twitter Poll. The results for each mandate is shown in the Engagement evaluation report at Appendix A/8. A large number of questions were raised via the public engagement and scrutiny process, answers have been provided and mandates updated to provide further clarity.
- 3.8 In terms of issues being raised which seek to affect the budget proposals specifically, the following items were noted::
- Not for profit service delivery model – Leisure, Tourism and Youth, there was general support for this proposal, however a great many questions have been raised such as what options were considered, learning gained from others, how the Trust will operate, how it will make savings, whether it will lead to increased prices, and what happens if it fails.

The original proposal sought to make savings from transferring buildings into a charitable trust and thereby reducing the business rates payable. Further work has been undertaken to map out the process that needs to be undertaken and it is clear that more time is needed before key decisions are taken and therefore it is proposed that only part of this saving is deliverable in 2016/17, moving £254,000 of the saving into 2017/18.

- Community Asset transfer of buildings in Monmouthshire – there was general support for this proposal, however a concern that community groups would need help and support with taking on buildings.

The Council will provide or facilitate whatever support it can to help community groups build the capacity and skills needed to take on assets

- Ban on vans and trailers at household waste recycling centres – there was overall support for this at the public meetings and select committees, however the Twitter Poll result was against the proposal. There were concerns about possible increase in fly tipping, and a need to provide information and guidance on how businesses and households with trailers can dispose of waste responsibly.

Further information will be made available to businesses and householders to ensure the saving can be delivered

- Reduction in funding to voluntary organisations – there was no strong objection to this proposal, but some concerns from some groups such as the Access for All Forum who rely on the help and support of third sector organisations.

The individual groups affected have been directly consulted and any mitigations to avoid significant impact will be considered.

- Highways infrastructure income generation through advertising and more car park spaces – there was general support for this although concerns about the impact on drivers and the beauty of the landscape regarding increased roadside advertising.

Any proposals on advertising signage on the roads will need to go through Planning where consideration of impact on the landscape can be taken into account.

- Grounds maintenance – general support for using more wild flowers, however the select committee did not support the reduction in hedge and highway verge cutting.

The proposal has not been altered as it is Cabinet's view that this contributes to the Council's carbon reduction commitment and there is scope for community councils to contribute to the verge maintenance service in their areas

- Highways maintenance review – not agreed by Strong Communities Select as the reduction in highways has an impact on everyone travelling in Monmouthshire and a mixed response from the survey and public meetings.

The proposal has not been altered as Cabinet have confirmed their commitment to their priorities, accepting that this may impact on the performance of some services such as Highways and this is consistent with the Administration's Continuation Agreement

- Review of ALN provision – there was general support at the Select Committee for this proposal to provide alternative inclusive provision for children currently using the Deri View unit. However this was not reflected in the other engagement forums, with more disagreeing than agreeing to the proposal.

This proposal is currently going through a statutory consultation process and therefore the saving has been reduced for 2016/17.

- Town and Community Councils – there was general agreement with this mandate, however there were concerns about the ability of town and community councils to take over the delivery of services and there was a request for further information on what would be stopped if community councils didn't contribute

Direct engagement with Town and Community councils is continuing and more detail is provided in the mandate. The saving has been reduced to £400k and can be achieved through Town and Community council contributions or reducing services.

- Discretionary Fees and Charges – There was general support for this in principle at the public meetings, however select committees required further information in order to understand the impact of the increases.

There are a small number of services where an above inflation increase can be implemented and these are captured in the annual Fees and Charges report elsewhere on this agenda.

- 3.9 On capital account, general support was expressed about the need to invest in 21st century schools whilst recognizing that there are possible pressures to be managed. The risk on the rest of the capital programme is noted and the risks associated with the need to achieve the sale of assets at a time when market prices are less than could be achieved in the height of the property boom is also understood.

PROVISIONAL SETTLEMENT

- 3.10 The provisional settlement was announced on the 9th December 2015 with the delay in the announcement being caused by the Spending review in Westminster. The overall increase in the Welsh Government budget for 2016/17 is 0.85%, and following decisions by the WG on its budget, the Local Government settlement was announced with an overall reduction across Wales of 1.4%. Social Care and Schools have been prioritized. For Monmouthshire the provisional settlement has delivered a reduction in the Authority's Aggregate External Finance (AEF) of 3.1% after taking into account transfers into the settlement. The reductions in AEF across Wales range from 0.1% in Cardiff to 4.1% in Powys. The Outcome Agreement Grant has now been included in the settlement, and is the only grant to transfer into AEF this year. When the provisional AEF is compared to the figure included in the MTFP the Authority is better off by £1.082 million. A response to WG regarding the Provisional Settlement is attached as **Appendix B1** and also included is a letter WLGA has sent on a proposal to introduce a Rural Stabilisation Grant. A table showing each authorities position resulting from the final settlement is included at **Appendix B2** to this report. Monmouthshire remains at the bottom of the table in terms of AEF per head of population.
- 3.11 The provisional settlement also only included the notifications of some specific grants at an all Wales level. 33 of the 44 grants have been announced so far and show a reduction of 5% from 2015/16. Many grant announcements are yet to be made and this position is extremely disappointing as it makes planning for next years budget even more difficult. The Single Environment Grant has been notified at an all Wales level, indicating a 6.4% reduction in the grant. This is slightly better than the 10% reduction included in the budget proposals so far. The current position on grants is included in **Appendix C**. There may also be the possibility of more specific grants going into the final settlement, but this has not yet been confirmed.
- 3.12 On capital account, the provisional settlement saw a slight reduction of £12,000 to the anticipated funding included in the capital MTFP. There was a slight increase of £5k year on year on the capital settlement from WG. It is proposed that the capital reserve is used to make up this difference of £12k, rather than reduce capital budgets any further.
- 3.13 The Final Settlement from Welsh Government is due to be published on 2nd March 2016 and has therefore necessitated the need to move the Council Tax setting meeting from 25th February 2016 to 10th March 2016. It is not expected that there will be any significant changes to the settlement at that stage, but the report to Council on 10th March 2016 will need to take account of any changes if they do occur. The medium term prognosis is still of concern, there are no indicative settlement figures published, even though the Spending review showed the Welsh budget with slight cash increases it is difficult to forecast how this will be distributed by Welsh Government. It is expected that future years will not see any better settlements than the 2016/17 position. The MTFP for 2017/18 onwards continues to factor in funding reductions of 4.3%, so that planning can be undertaken on a prudent basis, however this may be revised when the MTFP is updated after the 2016/17 budget is set. There is still a need to think differently about the even greater challenges of the medium term and this work and engagement will continue in the coming months.

CABINETS RECOMMENDATIONS TO COUNCIL

REVENUE BUDGET

- 3.14 The Cabinet budget report of 7th October 2015 identified proposals to close a £6.3 million gap. The report highlighted that £1.7million still needed to be found in the budget for

2016/17. The budget at that time included £4.3 million of pressures and £3.3 million of saving proposals. The supplementary list of proposals, which sought to revise some of the existing mandates, were identified in a report to Cabinet on 3rd December 2015 and additional pressures were identified taking the total pressures to £5.6 million. Work has continued to develop the new ideas and revise the existing savings in the light of further engagement and analysis. All the mandates are available as part of this budget report. Since that time the Authority has received its provisional settlement and the further work has been undertaken on the budget. The issues identified are outlined in the following paragraphs.

Changes to Pressures

3.15 The following changes have been made to the pressures included in the budget for 2016/17:

- Children's Social Services – following an analysis of the current year month 6 overspend position, an additional pressure relating to external placements and staffing costs to deal with the increased demand has been calculated as £1 million
- The pressure in the Waste budget has increased due to the results of a contracting exercise on dry recycling, however this has been offset by a lower reduction in the Single Environment grant than expected – net increase £110k
- The Social care fee pressure can be managed down by £200k
- The increase to the living wage produced by the Foundation for the Living Wage has resulted in an additional pressure of £68k to ensure the Council's commitment to this can be maintained in 2016/17.
- SWFA precept, notification has indicated a slight increase is expected of £21k
- Welsh Language compliance – report to Cabinet identified a pressure of £45k
- Treasury pressure is less following the revisions to the Capital MTFP and review of expected interest rates in 2016/17
- Legal services pressure – investment of £75k is required to avoid the even greater costs of seeking external legal advice causing overspends in the Children's social service budget. There is also a need to ensure there is sufficient capacity to make sure the service is fit for purpose in the current financial climate and in a position to provide the legal support that will be needed to support the transformational agenda that the Council is engaged in.

Amendments to Savings mandates

3.16 B1 – Savings from an alternative service delivery model for leisure, tourism, youth and cultural services have been adjusted to reflect an up dated timeline with an anticipated go live date from April 2017. Saving reduced from £354k to £120k.

3.17 B4 – SRS ICT savings of £100k have been moved to 2017/18 to enable sufficient time to undertake the stages required to release a net saving to the Authority from moving to a Cloud environment

3.18 B5 – Community Asset transfer – the savings have increased by establishing an income generation target of £100k to be achieved from entering into a competitive process to identify suitable partners that may wish to work with the Council to optimize Council

assets for community large scale events and other income generation activities.

- 3.19 B6 – Better use of developers monies £50k – this has been reprofiled as a 2017/18 saving to match potential for achieving the target.
- 3.20 B11 – Senior managers savings £225k, a further £90k has been added to this target to be achieved by further aligning organization efficiency and maintaining a focus on preserving front line delivery.
- 3.21 B18 – Strategic property review saving of £160k has been reduced by £100k following a review of the costs associated with adaptation and refurbishment of office accommodation to facilitate the consolidation of office accommodation in Usk. Further options are being considered with a view to achieving the saving in 2017/18.
- 3.22 B20 – ALN saving of £200k which related to the closure of the unit at Deri view has been reprofiled in line with the statutory consultation timescales, so the saving reduces to £50k. In addition, further savings have been identified by updating the pricing policy for providing places to other Authorities at Mouton House school. The funding formula for the school is also being updated to reflect current residential provision. Taken together these proposals are expected to deliver £550k
- 3.23 B21 – Town and Community Councils saving of £500k has been reduced by £100k following liaison with all Town and Community Councils.
- 3.24 B23 – Discretionary Fees and Charges – the original target of a 10% increase has been reviewed and further work is required to assess impact. Where increases have been possible totaling £25k on top of the 2.5% increase assumed in the budget, these have been included in the fees and charges report elsewhere on this agenda.
- 3.25 Schools – the proposal is to maintain the protection for schools at the same level of budget as 21015/16 even though the overall reduction in AEF for the Authority is 3.1%.

Corporate Finance

Review of Minimum Revenue Provision (MRP) Policy

- 3.26 Each year the council is required to set aside an amount of revenue budget as provision to repay debt. This provision is called the Minimum Revenue Provision (MRP), and each year the Council agrees, as part of its Treasury Strategy, a policy on how this amount will be calculated. Authorities must set aside an amount they consider prudent to repay borrowing and they must have regard to the statutory guidance on this issued by Welsh Government. The guidance sets out various options for the calculation of MRP and given the financial pressures facing local government many Councils are reviewing these options again in order to reset their policies and deliver some financial benefit to their revenue budgets.
- 3.27 Audit Committee have scrutinise a proposed revision to this Authority's Policy for 2016/17, which principally involves changing the method used to calculate the MRP on unsupported borrowing from an equal instalment method to an Annuity method. Approval by Full Council on 17th December 2015, means that the change in policy could result in a one off cash flow benefit to the 2016/17 budget of £2.136 million. Further information is provided in the report to Full Council on 17th December 2015.
- 3.28 Updated Capital MTFP and interest rates

The updates to the Capital MTFP outlined below, in terms of the reprofiling of 21st Century schools expenditure and change in use of capital receipts together with a review of the forecast interest rates for borrowing in 2016/17 and MTFP model adjustments have resulted in a reduction in Treasury and corporate budgets of £325k.

Council Tax

- 3.29 The 4.95% increase in the Band “D” equivalent Council Tax for the County continues has been used as the planning assumption in the budget model for to apply for County purposes in 2016/17. Cabinet have continued to consider the level of Council Tax increase given the slightly better provisional settlement than expected. The final settlement will not be received until March, and whilst there are not expected to be any significant changes, Cabinet are awaiting the Minister’s response to the proposal submitted to introduce a Rural Stabilisation Grant for the Authorities that received the greatest reduction in funding.
- 3.30 A lower increase in Council Tax of 3.95% would result in a net reduction in income from Council Tax of £433k (taking into account Council Tax Reduction Support). Cabinet have identified a means of balancing the budget taking account of this lower increase in Council Tax.
- 3.31 A recurring theme of reducing budgets is the need to provide for redundancy costs and historically they have been funded from earmarked reserves. A review of earmarked reserves shows that the redundancy reserve will shortly be extinguished and therefore there is a need to make provision for redundancies to be included in the base budget at £450k. Cabinet are proposing to amend the budget proposals to reduce the amount of the Redundancy budget pressure by £420k which together with the reduction in SWFA precept pressure, in 3.1 above, would mean that the increase in Council tax could be less than planned. The impact of this would be that the redundancy budget would remain, but instead of forming part of the base budget it would need to be funded from earmarked reserves as has been the case in previous years. Priority will be given to replenishing the redundancy reserve at year end either from a net underspend position or redistribution of reserves following the yearend review.
- 3.32 A summary of the budget savings proposals are identified in **Appendix E**. Detailed mandates with relevant FGEs are also available numbered B1 to B22. The summary position on the budget, revised following Cabinet on 6th January 2016, is now as follows:

Summary Budget position 2016/17	£000
Original Gap October 2015	6319
Savings mandates already in MTFP	-844
New mandates developed for 2016/17	-2815
Change to pressures (Appendix D)	1049
Corporate finance budget reductions	-2461
Council Tax income (new property, collection rate and CTRS reduction in demand)	-600
Provisional Settlement 3.1% reduction better than assumption of 4.3%	-1083
Reduce Council tax increase to 3.95%	433
New Balance	-2

CAPITAL BUDGET

3.33 The capital MTFP strategy is one which seeks to work towards a financially sustainable core capital programme without recourse to further prudential borrowing or use of capital receipts so that these resources can be directed towards the Council's priority of 21st century schools programme. The Summary Capital MTFP is shown in **Appendix J1**. The provisional settlement reduced the capital grant by £12,000 from the expectation included in the MTFP, and this difference has been found from the Capital support reserve, rather than reduce any capital budgets in the programme. There remain significant pressures of a capital nature that cannot be afforded within the capital MTFP and these are outlined in **Appendix J5**. There have been no other changes to the Capital budget since it was released for consultation, however further work will be undertaken on the following issues raised:

- Disabled Facilities grants – a business case is to be prepared to establish the level of additional funding needed and whether this could be funded from revenue budgets in social care
- Area budgets – the ongoing work on community governance will look at this issue and the need for this capital budget in the future

3.34 Since the Council approved the budgets for the 21st century schools programme on 16th July 2014, considerable work has been undertaken to enable the various projects to move forward with Welsh Government funding. A subsequent report on the Pool at Monmouth, approved a budget of up to £5.168 million at Council on 25th June 2015, with £4 million funded within the 21st century schools budget, leaving an additional £1.168 to be funded by MCC. The allocation of budgets within the original £81.5 million programme (including £2 million for feasibility) plus the £1.168 million additional for the pool are now as follows:

Scheme	Council Approved	Revised budgets
Monmouth Comprehensive school	£36,900,000	£41,102,475
Additional leisure funded aspect of Monmouth Pool	£1,168,000	£1,168,000
Caldicot Comprehensive school	£31,500,000	£35,093,130
Welsh Medium Secondary schools	£5,000,000	£1,000,000
Raglan Voluntary controlled Primary	£4,700,000	£4,551,000

Primary schools	£3,400,000	£0
Virement from Dewstow School	£246,605	£0
Total	£82,914,605	£82,914,605

- 3.35 The revisions to the budgets included in **Appendix J2** as shown above need formal approval and as such has been included in recommendation 2.1 in this report. There may be a requirement for further reports on 21st century schools when further information on the tendered costs of the projects become available shortly.
- 3.36 Given the altered profile of expenditure on 21st century schools and the balance of receipts available in 2015/16, the use of receipts to fund the whole programme has been maximized in 2015/16 to reduce the impact of the cost of borrowing on the revenue budget. In addition the decision to set aside receipts to repay debt that was originally profiled in 2016/17 has been brought forward to the current year.
- 3.37 **Appendix J3**, the capital receipts summary shows the expected level of receipts and planned usage and highlights the balances available in the next couple of years. Future investment in capital schemes, particularly in 21st century schools, is dependent on future success of achieving capital receipts and there are significant risks attached to some receipts materializing. The revised receipt schedule is provided as exempt background papers to this report for Members approval as **Appendix J6**.

THE PRUDENTIAL CODE

- 3.38 Under the Prudential Code, local authorities are required to publish Prudential Indicators produced to demonstrate that capital programmes are prudent, sustainable and affordable in the longer term. The indicators for 2016/20 are contained at **Appendix G** to this report, assuming eventual Council approval of Cabinet's budget and Council Tax recommendations.

THE ROBUSTNESS OF PROCESS AND RESERVES

- 3.39 The level of the **general reserve** at £6.9 million is of concern being just above the minimum prudent level. The final revenue budget proposals do not include a requirement to use any of the general reserve to balance the budget in 2016/17. The total planned **earmarked reserve** utilization in support of the 2016/17 revenue budget is £1.822 million. This includes £504k planned utilization for 2016/17 in support of the capital programme. **Appendix H1** shows the call on and contributions to reserves for the 2016/17 budget and **Appendix H2** shows the reserve balances projected for 2016/17. Reserves will be reviewed again at year end such that any use or replenishment of the reserves will form part of the year end closure of accounts.
- 3.40 Total planned reserve utilization in support of current year revenue and capital budgets is £4.022 million. The forecast use of reserves in the current year, 2015/16, means that by the end of 2016-17 the Council is likely to utilise over 48% of the useable earmarked reserves brought forward from 2014-15, based on approvals to use reserves so far. Further reserve usage is anticipated before the end of the year, in particular redundancy costs in relation to Community Hubs which will need approval (£305k) and is likely to extinguish the Redundancy and Pensions reserve. A redundancy budget will be included in the base budget for 2016/17 going forward, as this is an ongoing expense for the

foreseeable future. It will be funded from earmarked reserves for a further year, with priority being given to replenish the redundancy reserve at year end. Given the forecast use of earmarked reserves, in order to ensure adequacy of reserves for the MTFP, a change in practice has been approved by Cabinet to slow down the use of reserves and this is outlined in Appendix F.

- 3.41 Under the provisions of the 2003 Local Government Act, the Responsible Financial Officer has to provide conclusions on the robustness of the budget process and the adequacy of reserves. Those conclusions are shown at **Appendix F**.
- 3.42 The effect of Cabinet's revenue budget recommendations is shown at **Appendix I**. The effect of Cabinet's capital recommendations is shown at **Appendix J**. Final Council Tax setting is reserved for decision of Full Council on the 10th March 2016. The budget summaries will be amended to take account of the final settlement when received on 2nd March 2016.

FUTURE GENERATIONS EVALUATION/EQUALITY IMPACT ASSESSMENT (EQIA)

- 3.43 There is a requirement placed on Local Authorities to comply with the general equality duties set out in the Equality Act 2010 and the specific equality duties such as the statutory responsibilities to assess the equality impacts of their budgetary decisions. The Equality Act 2010 places a General Duty on Monmouthshire County Council to eliminate discrimination according to nine "protected characteristics" (age, belief and non-belief, disability, gender, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, and sexual orientation). Also we need to comply with the Welsh Language Act 1993 and the Welsh Language Measure 2011 through which the Welsh Language Commissioner has shaped the Welsh Standards which will come into force from 30th March 2016. The Wellbeing of Future Generations Act requires public bodies to improve social, economic, environmental and cultural wellbeing, by taking action in accordance with the sustainable development principle aimed at achieving the Wellbeing Goals. The authority was an early adopter of The Act and has re-shaped its pre-decision evaluation tool to reflect the well-being goals and the principles which it sets out. Two member seminars have been held to ensure that they are aware of the requirements of The Act, this has been followed by training sessions for officers who are responsible for writing reports.
- 3.44 The Council has responded to these issues by building considerations of equality, diversity and sustainability into the planning and delivery of its 2016/17 budget. It has done this by:
- Requiring Chief Officers to undertake a Future Generation evaluation of all the original savings proposals they offered for their service area to contribute towards the Council's overall savings target. This evaluation has since been updated to reflect the final budget proposals and individual evaluations are linked to each budget proposal. These can viewed via the attached link.
 - Undertaking a FGE of the capital budget proposals and publishing this as part of the capital budget proposals for consultation. This is attached as **Appendix L1** as the assessment has not changed since it was undertaken.
 - As part of the consultation process the Inclusion Group and other relevant Groups will continue to assess the budget proposals for 2016/17 and beyond and provide feedback to relevant service managers on any issues

- The Council's current lead officer on Equality has also independently scrutinised the evaluation given to each savings proposal, and challenged chief officers to consider further issues.
- Enabling the Council's Cabinet Members to consider initial savings proposals with the benefit of the FGEs in December 2015, and to make initial decisions based on this information. The budget proposals reflect Cabinet's key priorities and therefore key services that support equalities – such as social care and schools
- Deciding that once the final shape of the budget is agreed by Council in January 2016, Council service areas carry out more detailed work to mitigate and manage any equalities or Future Generation issues that have been identified
- Including the FGEs as part of this report and published on the Council's website so that residents can understand the factors that went into the planning of the 2016/17 budget
- Ensuring that where proposals will be the subject of further reports it is expected that further FGEs will be undertaken at that time and where savings are being made from decisions already taken then those implementing those decisions should consider mitigating any negative impacts where necessary.

4. REASONS:

- 4.1 To make appropriate recommendations to Council on the revenue and capital budgets for 2016/17, and the resultant Council Tax recommended to be set for County purposes, subject to the results of the public consultation in early January.
- 4.2 To sustain the Capital programme and establish capital resources to support the 21st century schools programme by the sale of surplus assets.
- 4.3 As required by statute, to consider the Responsible Financial Officers provisional conclusions on the robustness on the budget process and the adequacy of reserves going forward.
- 4.4 To approve the Prudential Capital Indicators calculated by the Responsible Financial Officer.

5. RESOURCE IMPLICATIONS:

As identified within the report and appendices.

- 6. CONSULTEES:** Cabinet, Strategic Leadership Team

7. BACKGROUND PAPERS:

Directorate Budget builds, detailed capital programme and associated papers Provisional Local Government Settlement

Provisional Local Government Settlement
The CIPFA Prudential Code for Capital Expenditure

8. AUTHORS:

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- A/1 Minutes of Strong Communities Select Committee – 22nd October 2015
- A/2 Minutes of Adults Select Committee – 13th October 2015
- A/3 Minutes of Children and Young People Select Committee – 21st October 2015
- A/4 Minutes of Economy and Development Select committee – 4th November 2015
- A/5 Select Committee Summary
- A/6 Joint Select Committee – 16th December 2015
- A/7 Draft Minutes of Schools Budget Forum – 16th November 2015
- A/8 Report on public engagement events in November 2015
- A/9 Minutes of JAG on 26th October 2015
- B/1 Response to Welsh Government on the Provisional Settlement
- B/1a WLGA letter on Rural Stabilisation Grant
- B/2 Provisional Settlement Data
- C Specific Grants 2016/17
- D/1 Summary of Evidence Based Pressures
- D/2 Children’s social services pressure
- D/3 Social Services Care fee pressure
- D/4 Social Services Care fee pressure
- D/5 Waste management pressure
- D/6 Passenger Transport pressure
- D/7 Legal services pressure
- E Summary of Mandates 2016/17
- Detailed Mandates B1 to B22 link
- F Responsible Financial Officers Opinion
- G Prudential Indicators
- H/1 Use of reserves for Revenue Budget Purposes 2016/17
- H/2 Reserve Balances
- I Revenue Budget Summary 2016/17
- J/1 Capital Budget Summary 2016/17 to 2019/20
- J/2 Schools Capital Budget Summary 2016/17 to 2018/19
- J/3 Capital Receipts Summary
- J/4 Receipt Risk Factors
- J/5 Capital Pressures
- J/6 Exempt Capital Receipts
- L1 Future Generations evaluation on the capital programme