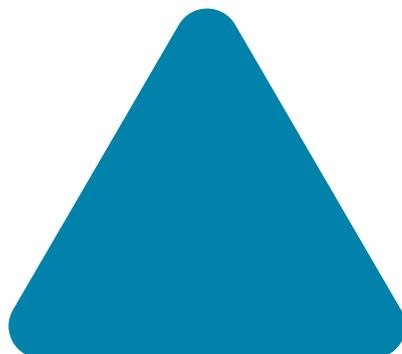




Council Plan  
**Medium Term  
Financial Plan**  
2020-25



(Council 13 February 2020)

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

This time last year I wrote about Uncertainty as the big theme of 2019. Some questions have probably been answered – the general election result surely means that Brexit will go ahead although we don't yet know under what terms and how it will affect our local economy here in Cumbria.

2020/21 has been a deadline for Local Government, a looming cliff edge as our main revenue grant from Central Government was finally due to hit the projected zero. But as Central Government occupied itself with other matters, a lifeline was thrown and the phrase “the end of austerity” was heard from the Government benches.

A new Prime Minister has spoken of “levelling up” and in his New Year message gave a very different view of the next decade, one where his government promise to be “spreading opportunity to every corner of our country”. We wait to see what this might mean for our County.....

Some might think the future of Local Government looked a little brighter yet, the Fair Funding Review, Business Rate Retention Reform and the Adult Social Care Green Paper – all critical to the future funding of Local Government, have all been delayed, again. We join with colleagues across the Council sector and say that these issues need to be given priority.

In the face of this sustained uncertainty we are moving to a five year Medium Term Financial Plan – as we believe that this will bring a level of certainty and stability to our planning. This five year plan starkly illustrates the challenges we face in the future and we join with all County Councils, of all political parties in calling for government to push through the above reforms in order to secure a sustainable future.

We continue to influence decisions being taken by Central Government – we make cross party representations and campaign via our membership of a range of national organisations, including the Local Government Association (LGA), County Councils Network (CCN), Transport for the North (TfN) and the Rural Services Network (RSN). We also work cross party with our opposition colleagues on Cumbria County Council and our six MPs, lobbying together for all of Cumbria.

We support and are a leading voice on the Cumbria Local Enterprise Partnership (CLEP), together with private and third sector representatives bidding for growth deals to stimulate the local economy.

As a council we remain committed to safeguarding our services for the future and to our Council Plan priorities:

- That people in Cumbria are healthy and safe
- That places in Cumbria are well connected and thriving
- That the economy in Cumbria is growing and benefits everyone

Our capital programme remains bold and ambitious. A rolling programme of just over £286m from 2020 to 2025, with nearly £91m of that earmarked for year one.

To highlight – here's a few headlines from our budget

- £10m capital investment over five years in Cumbria Care homes – ensuring investment in existing homes for planned maintenance and improvement.
- £10m capital investment over five years in match funding for Strategic Highways Schemes – we expect the Government's March budget to announce significant investment in roads, and we want to be ready with local match funding to secure investment in Cumbria.
- £95m capital investment over five years in highways funding, devolved to our six Local Committees – for local member led priority investment in your roads.
- £750k rising to £1m a year revenue investment - to support our Fire and Rescue Service.
- £9m a year revenue investment in Children's Services – to support our looked after children.
- £5m a year revenue investment in Younger Adults – to support these vulnerable people with complex disabilities.
- £1m a year revenue investment in SEND Transport – for the school transport of children with special educational needs.

As ever, we're here to serve the people of Cumbria, and I believe this five year Medium Term Financial Plan gives us the opportunity to do this for the benefit of our residents, our businesses and our visitors.

Councillor Peter Thornton  
Deputy Leader  
Portfolio Holder for Finance

## Shaping Our Financial Future

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

If we are to deliver on this commitment then the Council must do things differently. Our Council Plan highlights the many challenges ahead of us, as well as the many opportunities for doing things differently. The Council is committed to improving outcomes for the people of Cumbria and recognises that to become financially sustainable we will need to build on our successes; being more efficient, promoting independence and enabling thriving communities. It is this approach and making the most of opportunities, building on our assets and utilising the talents of our committed workforce which has driven achievements thus far, but there is more to do as we look ahead into the 2020's.

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

Our vision for Cumbria County Council is:

***A Council that works with residents, businesses, communities and other organisations to deliver the best services possible within the available resources.***

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

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

We will achieve this by focusing on these core principles:

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

### What is the Medium Term Financial Plan?

The Medium Term Financial Plan (MTFP) sets the framework for how the Council plans to use its financial resources to fund the activity to deliver on the Council's outcomes. The MTFP is a 'live' plan and is updated every year when the Council considers the annual budget for the following year. The MTFP covers a five year period 2020 – 2025. We prepare the MTFP by understanding our income and expenditure profiles and the investment required to deliver the Council's priorities. The Council is required to set a 'balanced budget' annually with financial resources

identified to cover all expenditure and therefore savings may need to be identified to balance the budget.

The Medium Term Financial Plan is one of the key Council strategic planning documents. It is fully integrated with the Council Plan (which sets out our long term vision, priorities for the four years 2018-2022 and the steps we will take to achieve them) and Strategic Workforce Plan (which provides an organisation wide framework to develop the workforce to achieve the Council's priorities).



## **A Financially Sustainable Council**

The key to achieving our vision and outcomes for everybody in Cumbria, meeting the budget challenges ahead and becoming financially sustainable is continuing to transform the Council. Customers will be at the heart of everything the Council does. The approach will focus on the following themes:

- Working Together – working with partner organisations and communities to achieve shared aspirations;
- Enterprise & Efficiency – exploring new ways to deliver services and maximise our resources;
- Digital Transformation – giving our customers choice and easy access to services online; and
- Prevention & Early Intervention – acting early to achieve better outcomes.

## **Value for Money**

Improving value for money is at the heart of everything the Council does. The Council works hard to ensure that value for money is achieved in all its services; challenging services to make sure its costs compare well with others by identifying and challenging areas of high spend and regularly benchmarking costs with other local authorities.

## **Equality and Diversity**

Equality is embedded throughout all of the Council's services. It is not an extra piece of work, but part of everything the Council does. Whenever a new service is created, reviewed or removed, an Equality Impact Assessment (EIA) is undertaken to ensure

individuals are not discriminated against. An EIA helps to identify any potential discrimination or unfair treatment and puts measures in place to mitigate these.

## Investing in Our Future

The Council's financial plans have been prepared against a backdrop of uncertainty, with Brexit due on 31<sup>st</sup> January 2020 and increasing pressures upon key local services.

### The National Picture - Economy

The Government has announced that the next Budget will take place on Wednesday 11<sup>th</sup> March 2020. There was no Autumn budget in 2019, as is usually the case, with the last budget being delivered on 29<sup>th</sup> October 2018 by Chancellor Phillip Hammond who stated that as the UK prepares to leave the EU, the government was taking further steps to ensure a positive future by investing in public services, supporting businesses, and boosting living standards across the country.

During this period the Office for Budget Responsibility's (OBR) Economic and Fiscal Outlook was published on 13<sup>th</sup> March 2019, the October 2019 Outlook was withdrawn by Government, and the announcement of the Draft Local Government Finance Settlement was made on 20<sup>th</sup> December 2019. The main headlines from these recent announcements are set out below.

- The economy ended 2018 growing a little less strongly than expected in October 2018. During the early part of 2019 indicators of current activity weakened materially, in part reflecting heightened uncertainty related to Brexit. As a result, the forecast for GDP growth was revised down to 1.2 % for 2019 – more than reversing the upward revision made in October 2018 in response to the Government's discretionary fiscal loosening in the Budget. Growth is expected in 2020 of 1.4% rising to 1.6% a year thereafter.
- The impact of Brexit could have severe short term implications on economic activity. A Brexit deal has been agreed in principle with the EU with both the UK and the EU needing to approve and sign the withdrawal agreement after which negotiations for new arrangements will begin. The withdrawal agreement was approved on by Royal Assent on the 23<sup>rd</sup> January 2020 and the UK left the EU on the 31<sup>st</sup> January 2020. A transition period until the 31<sup>st</sup> December 2020 is now underway while the UK and EU negotiate additional arrangements.
- Public Sector net borrowing has been reduced to 1.1% of GDP and is forecast to continue to fall until 2023/24 where borrowing is forecast to be 0.5% of GDP.

## The National Picture – Local Government

On the 16<sup>th</sup> November 2016 the Council received confirmation from Department for Communities and Local Government (DCLG) that its Efficiency Strategy, agreed by Cabinet on 20<sup>th</sup> October 2016, had been accepted and the Council was now formally on the Multiyear settlement covering the three years 2017/18 to 2019/20. The multiyear settlement was intended to give funding certainty for the following grants: Revenue Support Grant, Transitional Grant and Rural Services Delivery Grant.

The current MTFP includes the financial years 2020/21 to 2024/25 which is outside of this previous period of certainty with the Spending Round announced in September 2019 by the Chancellor being for one year only i.e. for 2020/21. The Government has postponed its Spending Review for 2019 until 2020. In addition the Fair Funding Review and Business Rates Retention Reform both due to be implemented in 2020/21 have been postponed until 2021/22. It is expected that these changes to local government funding will change the level of funding received by county councils with Cumbria's share of the new level of government funding unlikely to be known until at least the summer of 2020. Planning beyond 2021 is therefore, very challenging.

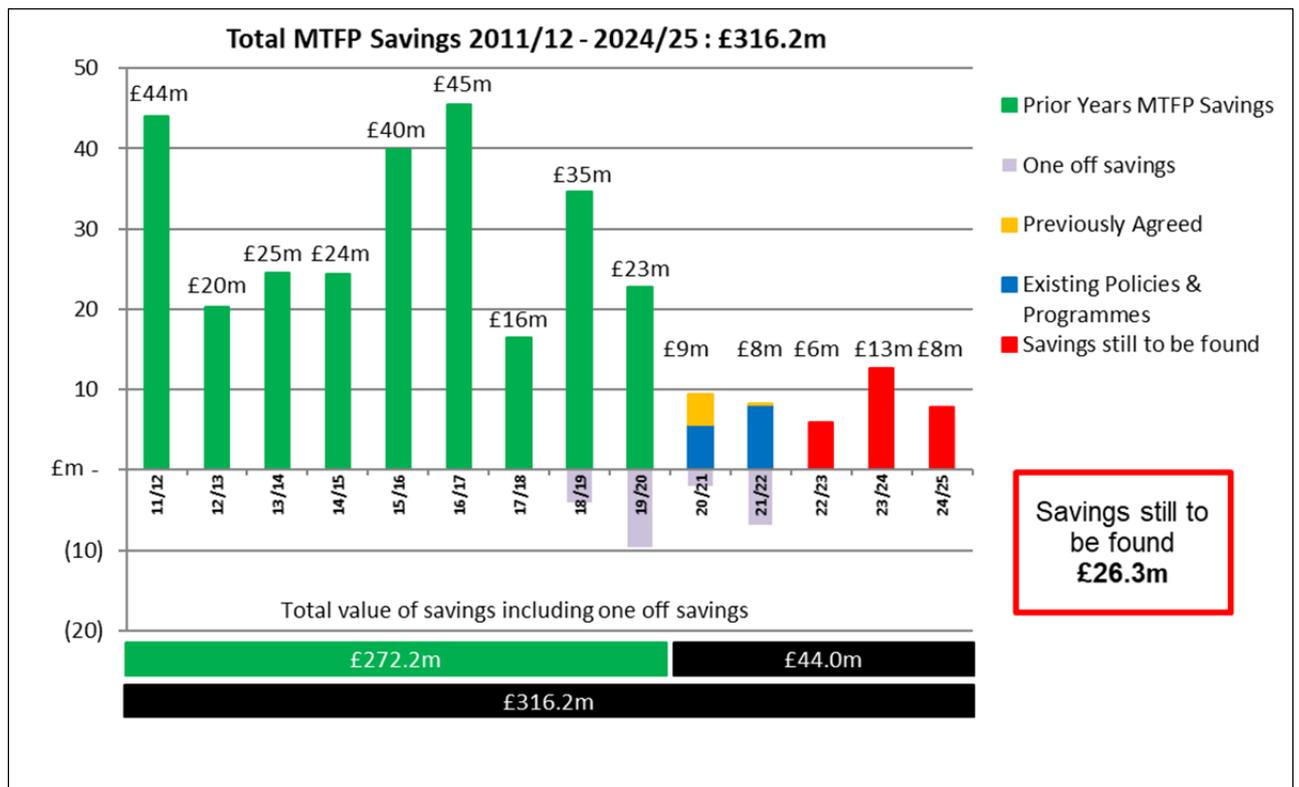
Without exception, all councils are facing difficult financial times, after nine years of funding reductions from government, there is also an unprecedented level of demand on our services, especially from those who need us most. This includes greater pressure for social care services from the growing elderly population and younger adults with complex needs and increasing costs to look after the number of children now in our care.

The Council therefore has made a number of assumptions for the future financial years not covered by the spending round. The fundamental assumption going forward being that whatever the new funding arrangements are for local government, the Council receives no less than currently in relation to grants received from central government departments and from business rates.

## The Local Picture

In February 2020 Council is being asked to agree a balanced budget for 2020/21. The impact of 9 years of funding reductions followed by the Spending Round 2019 has resulted in the Council having to identify savings of £272.2m between 2011/12-2019/20, and a further £44.0m of savings in 2020/21 - 2024/25, giving a total of £316.2m as identified in Chart 1:

Chart 1 – Savings, 2011/12 to 2024/25

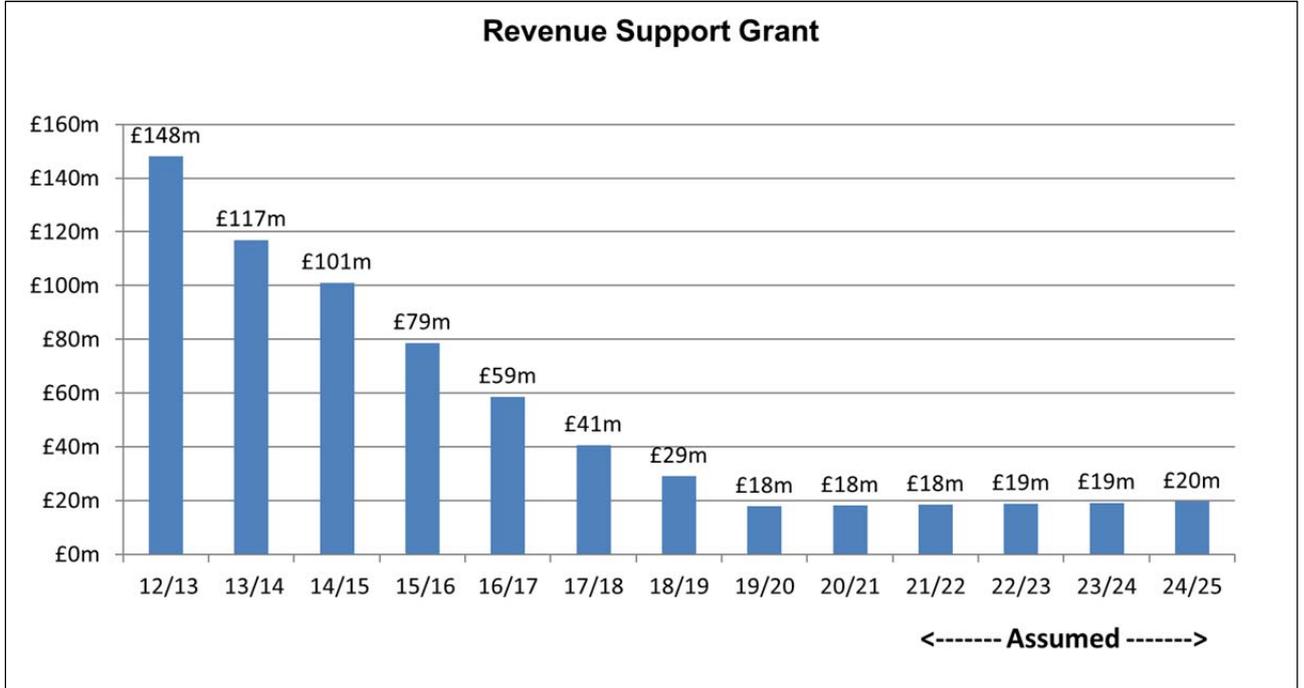


The key funding headlines from the Draft Local Government Finance Settlement and Grant Announcements that followed the Spending Round are set out below:

- The General Council Tax referendum threshold has been reduced for 2020/21 to 2% from the 3% limit which applied in 2019/20.
- The expected final year's reduction to the Revenue Support Grant (RSG) was not included in the draft Local Government Finance Settlement with RSG continuing into 2020/21, and it (or its equivalent) is assumed to continue (as part of the new funding arrangement) throughout the period of the MTFP. The Council's Revenue Support Grant in 2012 was £148m and in 2020/21 the Draft

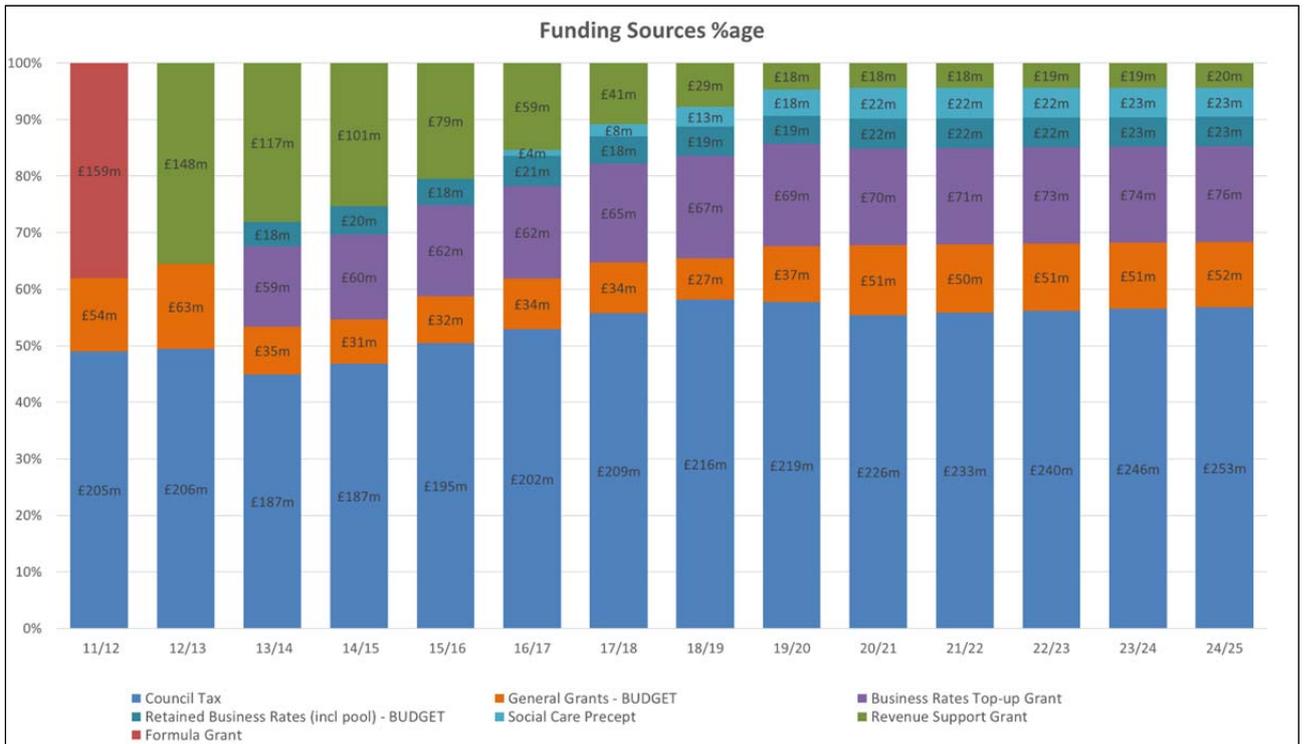
Settlement is £18.1m, a reduction of £129.9m. This is demonstrated in Chart 2 – RSG, 2012/13 to 2024/25.

Chart 2 – RSG, 2012/13 to 2024/25



The MTFP (2020-2025) assumes the following core sources of finance (excluding service specific grants and income as follows:-

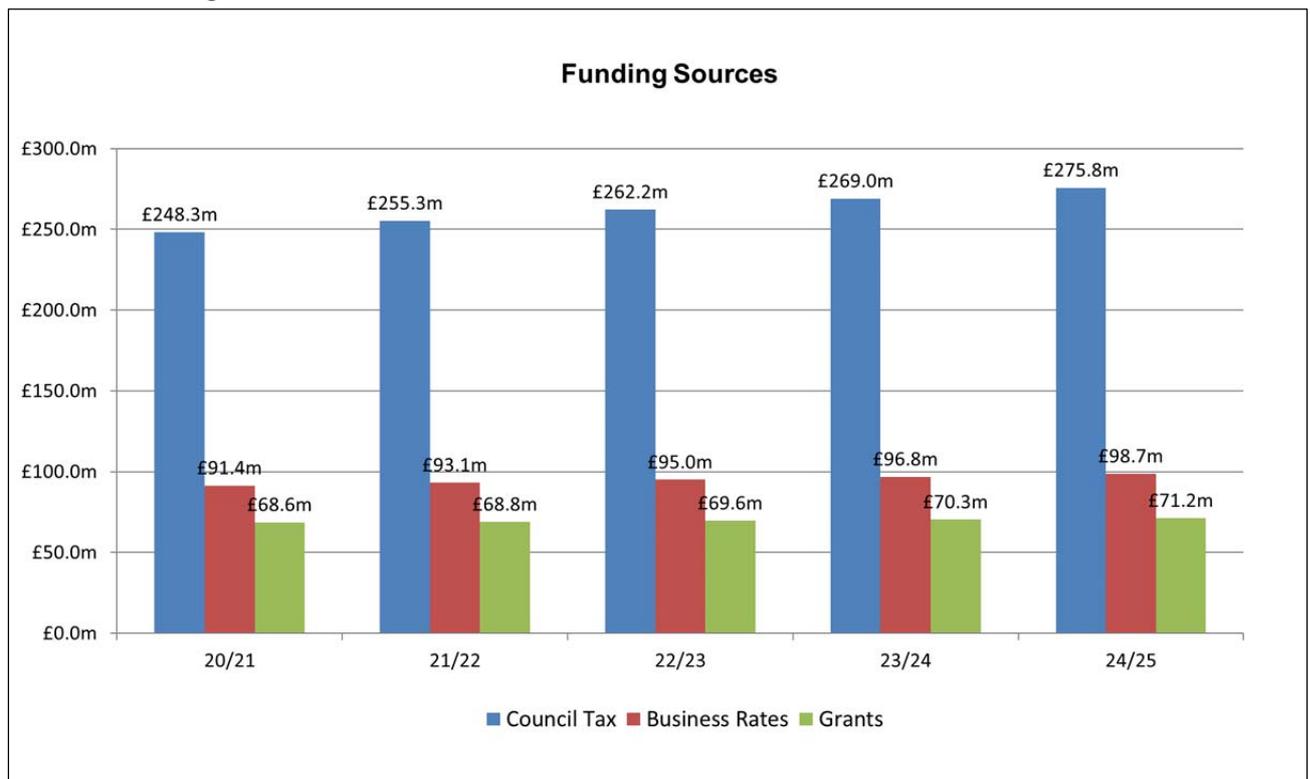
Chart 3 – All Funding Sources to support Net Budget 2020/21-2024/25



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

The Net Revenue Budget for 2020/21 is £408m. The Council is required to balance its budget, ensuring that expenditure is matched by its sources of finance. After taking account of general grants and the Council’s share of locally retained business rates, the Council Tax Requirement for 2020/21 is £248.347m. The chart below sets out the main funding sources and shows that as funding overall reduces, as a proportion of its total funding, the Council is increasingly more reliant on Council Tax and Business Rates.

Chart 4 – Funding Sources



Financial forecasting of both Council Tax and Business Rates is increasingly important as government grants reduce. Both Council Tax and Business Rates are collected by District Councils and through joint working with the Districts we have improved the modelling of the likely income from these sources.

Table 1 summarises the Council’s revenue spending plans for 2020/21 and provisional spending plans for 2021/22 to 2024/25. It shows how budgets are allocated across the Council’s Directorates, as well as the sources of funding available to match our expenditure.

Table 1: Budget Requirement & Council Tax

REVENUE BUDGET SUMMARY						
2019/20		2020/21	2021/22	2022/23	2023/24	2024/25
Budget		Budget	Budget	Budget	Budget	Budget
£000		£000	£000	£000	£000	£000
	<b>Directorate Budgets:</b>					
178,819	People	187,316	186,567	186,653	186,730	186,799
126,145	Economy & Infrastructure	130,013	130,209	130,209	130,209	130,209
18,646	Fire & Rescue Services	19,788	20,008	20,008	20,008	20,008
7,938	Local Committees	8,158	8,158	8,158	8,158	8,158
32,882	Corporate, Customer & Community	33,828	33,052	33,052	33,052	33,052
24,154	Finance	26,090	35,221	36,627	37,850	39,028
7,780	Other Items Charged Corporately	12,205	1,500	(434)	2,766	2,266
<b>396,364</b>	<b>Service Expenditure</b>	<b>417,398</b>	<b>414,715</b>	<b>414,273</b>	<b>418,773</b>	<b>419,520</b>
	<b>Corporate Budgets:</b>					
(34,867)	Depreciation Charges to Services	(34,867)	(34,867)	(34,867)	(34,867)	(34,867)
843	Precepts paid	843	843	843	843	843
13,988	Inflation and Contingency 2019/20					
	Inflation and Contingency 2020/21	21,796				
	Inflation and Contingency 2021/22		35,174			
	Inflation and Contingency 2022/23			51,674		
	Inflation and Contingency 2023/24				68,174	
	Inflation and Contingency 2024/26					84,674
<b>(20,036)</b>	<b>Total Corporate Budgets</b>	<b>(12,228)</b>	<b>1,150</b>	<b>17,650</b>	<b>34,150</b>	<b>50,650</b>
	Savings to identify from 2021/22			(5,886)		
	Savings to identify from 2022/23				(18,559)	
	Savings to identify from 2023/24					(26,313)
	Savings to identify from 2024/26					
<b>0</b>	<b>Total Savings to Identify</b>	<b>0</b>	<b>0</b>	<b>(5,886)</b>	<b>(18,559)</b>	<b>(26,313)</b>
2,427	Contribution to/(from) Earmarked Reserves	3,055	1,411	712	1,767	1,772
	Contribution to/(from) General Balances	0	0	0	0	0
<b>378,755</b>	<b>NET BUDGET</b>	<b>408,225</b>	<b>417,276</b>	<b>426,749</b>	<b>436,131</b>	<b>445,629</b>
	<b>Sources of Finance:</b>					
(17,757)	Revenue Support Grant	(18,046)	(18,407)	(18,776)	(19,152)	(19,535)
(37,258)	General Grants	(50,559)	(50,413)	(50,798)	(51,131)	(51,634)
(17,973)	Retained Business Rates	(19,093)	(19,475)	(19,865)	(20,262)	(20,667)
(68,694)	Top-up Funding	(69,813)	(71,209)	(72,634)	(74,087)	(75,569)
(700)	Pooled Business Rates	(2,456)	(2,456)	(2,456)	(2,456)	(2,456)
123	(Surplus)/Deficit on Collection Fund	89	0	0	0	0
<b>(142,259)</b>	<b>Total Sources of Finance</b>	<b>(159,878)</b>	<b>(161,960)</b>	<b>(164,529)</b>	<b>(167,088)</b>	<b>(169,861)</b>
<b>236,496</b>	<b>TOTAL COUNCIL TAX REQUIREMENT</b>	<b>248,347</b>	<b>255,316</b>	<b>262,220</b>	<b>269,043</b>	<b>275,768</b>
170,721	Divide by Council Taxbase (revised as per Local Council Tax Support Schemes)	172,396	173,775	174,992	176,042	176,922
<b>£1,385.28</b>	<b>Council Tax per Band D Property</b>	<b>£1,440.56</b>	<b>£1,469.23</b>	<b>£1,498.47</b>	<b>£1,528.29</b>	<b>£1,558.70</b>
1.99%	General Percentage Council Tax Increase	1.99%	1.99%	1.99%	1.99%	1.99%
2.00%	Additional precept for Adult Social Care	2.00%	0.00%	0.00%	0.00%	0.00%
<b>3.99%</b>	<b>Percentage Council Tax Increase</b>	<b>3.99%</b>	<b>1.99%</b>	<b>1.99%</b>	<b>£0.02</b>	<b>1.99%</b>

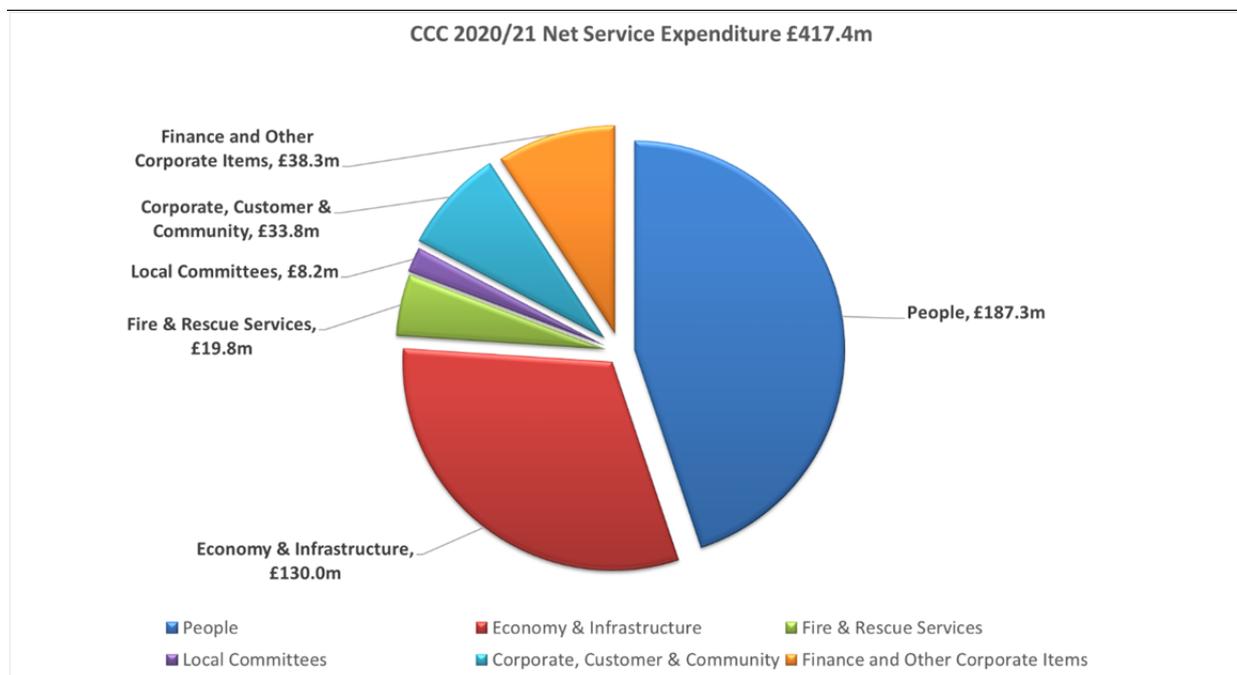
The net service expenditure has increased from 2019/20 to 2020/21 by £21.034m. This is largely due to a number of new service pressures and the allocation of inflation, increased capital charges and new service pressures which are offset in part by new savings and step ups in savings from previous years. This is set out in the Table 2.

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

	<b>£m</b>
<b>2019/20 Budget Net Service Expenditure</b>	<b>396.364</b>
Increase in General Grants	0.197
Increases due to allocation of inflation	6.251
Increased savings due to step ups from previous years	(2.299)
New savings	(5.646)
New pressures excluding inflation	22.531
<b>Total Change from 2020/21 Budget</b>	<b>21.034</b>
<b>2020/21 Budget Net Service Expenditure</b>	<b>417.398</b>

As set out in the previous table the Council’s net service expenditure budget 2020/21 is £417.4m, the chart below summarises how this is allocated to services totalling £417.4m.

**Chart 5 – Net Budget Expenditure on Cumbria County Council’s Services**



The Council is required to set a ‘balanced budget’ annually with financial resources identified to cover all expenditure. The Council considers future years’ projections for its sources of finance and expenditure throughout the year. At the Council meeting in February 2020 a budget gap of £26.3m existed for the last three years of the 2020 -

2025 MTFP (2022/23, 2023/24 and 2024/25). Work will continue to identify future savings to ensure a balanced budget can be presented in these financial years.

During the year the Council updates its assumptions regarding its sources of finance when new information becomes available, particularly following the Chancellor's Budget and Draft Finance Settlement announcements. The Council's budget gap reflects existing spending commitments from previous years. The following paragraphs outline the spending priorities and savings required to balance the budget in 2020/21.

## Spending Pressures

A key cornerstone of our financial strategy is ensuring that spending is allocated to our priorities as identified in the Council Plan. Our future spending plans therefore need to reflect our Council Priorities, but also need to reflect changes in demand levels, more up to date information, demographic trends, changes in legislation and/or political changes.

## Pressures

A number of additional pressures were identified for 2020/21-2024/25, these are set out in Table 3:

November 2019					
Table 3: Pressures – Growth in Budget	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)
<b>Demand pressure</b>					
[a] Younger Adults	5.000	5.000	5.000	5.000	5.000
[b] Special Educational Needs (SEND) Transport	1.000	1.000	1.000	1.000	1.000
[c] Children Looked After & associated costs	9.000	9.000	9.000	9.000	9.000
<b>Inflation</b>					
[d] General inflation	0.000	0.000	12.000	24.000	36.000
[e] Brexit - potential inflationary pressures	4.500	9.000	13.500	18.000	22.500
<b>Investment in transformation and priorities</b>					
[f] Contributions to the Innovation Fund	3.925	2.500	0.000	0.000	0.000
[g] Other priorities & specific investments	5.000	5.000	6.000	7.000	8.000
<b>Total Growth in Budget (November 19)</b>	<b>28.425</b>	<b>31.500</b>	<b>46.500</b>	<b>64.000</b>	<b>81.500</b>

- a) The Younger Adults pressure relates to demand pressures for the provision of care for complex disabilities. An estimated £5.000m increase

has been identified for 2020/21 to reflect current and expected expenditure.

- b) The Special Educational Needs Transport (SEND) pressure relates to the transporting of Children with Special Educational Needs (SEN) to and from school. An estimated increase of £1.000m has been identified for 2020/21 as a result of the level of service activity and complexity of need.
- c) The Children Looked After (CLA) pressure relates to children that are in the care of the Council. The pressure has arisen as a result of the increasing number of children and the related cost of accommodating them. The numbers of children and placement availability is recognised as a national issue with specific pressures on budgets of Children's Services for upper tier Councils. An estimated £9.000m increase has been identified for 2020/21 to reflect current and projected expenditure, service activity and associated costs.
- d) Previously the MTFP was for a period of 3 years with provision for general inflation agreed by Council in February 2019 consequently being for the period 2019/20 to 2021/22. The provision for General inflation has therefore been included for the period of the new five year MTFP at an estimated rate of £12m per annum.
- e) Although the impact of Brexit cannot be quantified, there are indications of potential inflationary pressures above that already factored into the MTFP, prudently therefore, growth to accommodate inflationary pressures of £4.500m was added to the 2020/21 budget, rising to £22.500m in 2024/25.
- f) To support the Council in its transformation to a sustainable organisation there is recognition of the need to invest. It was assumed in the November 2019 report to Cabinet that there would be a requirement for investment in new ways of working. The Innovation Fund was established in 2018/19 and the November report included further investment of £3.925m for 2020/21 and £2.500m for 2021/22.
- g) In recognition of other priorities and specific investments £5.000m has been included for growth in 2020/21 and 2021/22 increasing by £1.000m per annum to £8.000m by 2024/25. The November 2019 report included examples of where investment may be required listing areas such as borrowing to fund further capital investment to facilitate new ways of working, increases in ICT licence costs in part due to increased renewal costs but also due to the increased use of technology, investment in the Fire & Rescue Service as well as providing for demographic growth. Further work to refine the investments required has taken place with the outcome being detailed in the following paragraph.

Since Cabinet in November 2019 work has been ongoing to quantify the allocation of the other priorities and specific investments funding described above with the recommended allocation detailed in Table 4.

<b>Table 4: Other Priorities and Specific Investments</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>
[a] Financing of Additional Prudential Borrowing	0.524	1.845	3.251	4.474	5.652
November 2019 proposed budget	(5.000)	(5.000)	(6.000)	(7.000)	(8.000)
<b>Balance Remaining</b>	<b>(4.476)</b>	<b>(3.155)</b>	<b>(2.749)</b>	<b>(2.526)</b>	<b>(2.348)</b>
[b] Demographic Growth for Older Adults	1.000	1.500	2.000	2.500	3.000
[c] Investment in Cumbria Fire & Rescue	0.750	1.000	1.000	1.000	1.000
[d] ICT Licences	0.332	0.000	0.000	0.000	0.000
[e] Cumbria County Holdings Ltd Dividend	0.500	0.500	0.500	0.500	0.000
[f] Investment in Schools Maintenance	0.500	0.500	0.500	0.500	0.500
<b>Final Balance</b>	<b>(1.394)</b>	<b>0.345</b>	<b>1.251</b>	<b>1.974</b>	<b>2.152</b>
Movement in Earmarked Reserves	1.394	(0.345)	(1.049)		
<b>Additional budget requirement</b>	<b>0.000</b>	<b>0.000</b>	<b>0.202</b>	<b>1.974</b>	<b>2.152</b>

The areas of priority investment identified in Table 4 are as follows:

- a) Following the development of the Council's Capital Programme there is an increase in the financing costs associated with prudential borrowing, one of the methods of funding capital schemes, with these costs being identified in the November 2019 Cabinet paper as being one of the priorities for this funding.
- b) Cumbria has a super-aging population with increasing demands being placed on both social care and health related services.
- c) Investment in the Council's Fire and Rescue Service to provide more resilience to frontline operational response across Cumbria.
- d) In line with the Council's digital transformation investment in licencing is required to support the developments within this programme of works. Costs beyond 2020/21 are to be met from efficiencies.
- e) In recent years the dividend received from Cumbria County Holdings Ltd has been below budgeted levels as a result of increasingly challenging trading conditions within the waste market. This funding is in recognition of this reducing dividend.
- f) A revenue contribution to the schools maintenance capital programme is proposed to support the annual maintenance programme for schools.

As can be seen from Table 4 the total value of the proposed investments in 2020/21 is less than the £5.000m budget included in the November 2019 Cabinet paper resulting in a balance of £1.394m being available to create an Earmarked Reserve.

The Earmarked Reserve will be drawn down over the two year period 2021/22 to 2022/23 to provide additional investment in these years for the priority areas identified.

From 2022/23 the balance of the Earmarked Reserve is not sufficient to fund the priority investments identified with the balance resulting in an additional budget requirement totalling £2.152m by 2024/25. This additional funding requirement is included in Table 4 details changes to the budget gap since November 2019 Cabinet.

## Inflation & Contingency

The five year budgets include an increase for inflation to ensure that the future cost of existing service delivery are built into the budget. Further impact of volatility in these assumptions is considered as part of the budget risk assessment and assessment of the adequacy of reserves considered later in this report. Table 5 shows the assumptions for inflation that have been used in developing the 2020/21-2024/25 budgets:

**Table 5: Inflation Assumptions 2020-2025**

	2020/21	2021/22	2022/23	2023/24	2024/25
	%	%	%	%	%
Pay Award (estimated)	2.0	2.0	2.0	2.0	2.0
CPI forecast (Office for Budget Responsibility August 19)	1.8	2.1	2.1	2.1	2.1
RPI forecast (Office for Budget Responsibility August 19)	2.6	2.9	2.9	2.9	2.9
Foster Carer Fees and Allowances - linked to CPI	1.8	2.1	2.1	2.1	2.1
Utilities Electricity*	9.0	5.0	5.0	5.0	5.0
Utilities Gas*	0.0	5.0	5.0	5.0	5.0
Brexit (Pay award)	1.0	1.0	1.0	1.0	1.0
Brexit (contracts)	1.0	1.0	1.0	1.0	1.0

\* Note the introduction of a climate levy during 2019/20

General measures of inflation such as RPI and CPI have, on balance, been steadily rising since 2014. The Office for Budget Responsibility in August 2019 forecast that RPI would fall in 2020/21 to 2.6%, and then rise again to 2.9% in 2021/22 (1.8% for CPI for 2020/21, rising to 2.1% by 2021/22).

There are a number of budgets such as electricity and gas that experience much more volatility in price changes than underlying inflation. The inflation assumptions for these costs are based on advice around underlying commodity prices and potential energy market reforms.

**Residential Care Independent sector rates** - In 2018/19 commissioners implemented a new set of contracting arrangements to reflect changes in the law and best practice and to support the provider market to develop the increasingly complex residential and nursing care services required to meet the changing needs of the Cumbrian population. The new contracting arrangements operate as an Approved Provider list.

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

**Table 6: Independent Sector Care Bandings**

<b>NEW CARE BANDINGS</b>	<b>2019/20 Fee Rates (excluding nursing costs)</b>	<b>2020/21 Proposed new banding rate (April 20)</b>	<b>£ Increase</b>	<b>% Increase</b>
Residential	£520	£541	£21	4%
Physically Frail –Residential and nursing	£603	£627	£24	4%
Residential dementia	£629	£654	£25	4%
Nursing dementia	£645	£671	£26	4%

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

Where the Council does not contribute to the cost of care for people placed in the Independent sector (i.e. full fee payers) they will be charged the cost as referred to in Table 6 or where a different need determines a separate individual cost that full cost will be charged.

For Cumbria Care residential costs it is proposed that an inflationary uplift is included for 2020/21. This will be the equivalent to the pay increase of 2%. This would result in the following cost for the different bandings of care within Cumbria Care. Unlike the Independent Sector Cumbria Care do not provide nursing dementia care.

**Table 7: Cumbria Care Bandings**

<b>CUMBRIA CARE BANDINGS</b>	<b>2019/20 Fee Rates</b>	<b>2020/21 Proposed Fee Rates</b>	<b>£ Increase</b>	<b>% Increase</b>
Residential Standard	£653	£666	£13	2%
Physically Frail	£693	£707	£14	2%
Residential Dementia	£759	£774	£15	2%

The revenue contingency budget to deal with (one off) in-year pressures if/when they arise is £1.5m each year of the MTFP 2020-2025.

### **Existing Savings**

There are a number of changes in existing savings that have already been included in the MTFP. These result in a net increase in savings of £2.299m for 2021/22.

The reason for the net increase in existing savings is largely due to the step ups in 2019/20 MTFP savings partly offset by the planned reduction in Interest and MRP policy saving as per the agreed use of the overall saving achieved in previous MTFP Plans.

Other savings increase for 2020/21 and they are shown as the step ups in Table 8.

**Table 8: Existing MTFP Savings**

Directorate	Saving	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
<b>Net Reduction of Non-recurrent Savings</b>						
Finance	Updating the 2017/18 Minimum Revenue Provision policy to allow the Council to account for debt repayments on a consistent basis from 1 April 2009. This follows the changes approved in 2016/17.	3.190	10.000	10.000	10.000	10.000
Corporate, Customer & Community Services	Reviewing purchasing policies for library stock to reflect the changing needs of users resulting in reduced spend on the 'Book fund'.	0.006	0.012	0.012	0.012	0.012
People	Above inflationary increases to recover administration costs for deferred payments.	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)
People	Review of commissioning, procurement and management of activities in Children and Families services.	(1.000)	(2.000)	(2.000)	(2.000)	(2.000)
Economy & Infrastructure	The capital programme includes investment of £1.766m for each of the next three years (2018/19 - 2020/21) to upgrade street lights to include LED bulbs which results in reduced energy costs for the Council.	(0.012)	0.084	0.084	0.084	0.084
Fire & Rescue Services	Reduction in employer pensions costs reflecting forecast staffing levels.	(0.090)	(0.120)	(0.120)	(0.120)	(0.120)
<b>Net Reduction of Non-recurrent savings Sub Total</b>		<b>2.081</b>	<b>7.963</b>	<b>7.963</b>	<b>7.963</b>	<b>7.963</b>
<b>Net Step up of 2019/20 New Savings</b>						
Economy & Infrastructure	Undertaking commercial design and build work on behalf of external partners.	0.160	0.160	0.160	0.160	0.160
People	Increased Residential provision for young people reducing the cost of existing provision whilst providing better outcomes for young people.	(0.190)	(0.190)	(0.190)	(0.190)	(0.190)
People	Redesign and integration of Healthy Child and Early Intervention Programmes to achieve better outcomes for families and efficiency of service delivery.	(1.125)	(1.125)	(1.125)	(1.125)	(1.125)

Directorate	Saving	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
People	The Council's Workforce Learning function is being redesigned to have capacity and capability to generate income from commercial activity whilst at the same time reducing the use of externally commissioned organisations to provide training.	0.063	(0.122)	(0.122)	(0.122)	(0.122)
Economy & Infrastructure	To generate income from advertising space on roundabouts and digital signage.	(0.070)	(0.070)	(0.070)	(0.070)	(0.070)
<b>Net Step up of 2019/20 New Savings Sub Total</b>		<b>(1.162)</b>	<b>(1.347)</b>	<b>(1.347)</b>	<b>(1.347)</b>	<b>(1.347)</b>
<b>Net Step up of 2019/20 Existing Savings</b>						
Economy & Infrastructure	Savings to be achieved through utilising capacity within the existing Waste Contracts.	0.100	0.200	0.200	0.200	0.200
People	The Council is committed to supporting adults to achieve a good quality of life and will always ensure that an individual's needs are met. Under the Care Act 2014 the Council has a statutory responsibility to undertake reviews to ensure that provision of care remains appropriate to individuals changing needs and maximises independence. Alongside the continuing review of needs contributions received from appropriate external funding organisations are also being reviewed.	(1.941)	(1.941)	(1.941)	(1.941)	(1.941)
People	The Council is committed to ensuring that Children Looked After receive the best start in life and their care needs are appropriately met. Through this piece of work the Council is Identifying where children can be more appropriately placed in less complex provision, ensuring better outcomes and efficiency. Alongside the continuing review of needs contributions received from appropriate funding organisations are also being reviewed.	(0.621)	(0.621)	(0.621)	(0.621)	(0.621)
People	Reprocure existing contract for a 12 month period to allow for a redesign process for future years with a reduction in non-clinical services.	(0.208)	(0.208)	(0.208)	(0.208)	(0.208)
<b>Net Step up of 2019/20 Existing Savings Sub Total</b>		<b>(2.670)</b>	<b>(2.570)</b>	<b>(2.570)</b>	<b>(2.570)</b>	<b>(2.570)</b>
<b>Net Step up of 2019/20 Savings Sub Total</b>		<b>(3.832)</b>	<b>(3.917)</b>	<b>(3.917)</b>	<b>(3.917)</b>	<b>(3.917)</b>
<b>Reprofiled MTFP saving</b>						
People	Reprofiling of Adult Social Care savings	(0.548)	(0.612)	(0.612)	(0.612)	(0.612)
<b>Reprofiled MTFP saving Sub Total</b>		<b>(0.548)</b>	<b>(0.612)</b>	<b>(0.612)</b>	<b>(0.612)</b>	<b>(0.612)</b>
<b>Total change in existing savings</b>		<b>(2.299)</b>	<b>3.434</b>	<b>3.434</b>	<b>3.434</b>	<b>3.434</b>
<b>Difference between years</b>		<b>-</b>	<b>5.733</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

For Information: Step up Savings/Adjustments for Non-Recurrent Items Sub Total by Directorate

Directorate	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Finance	3.190	10.000	10.000	10.000	10.000
Economy and Infrastructure	0.178	0.374	0.374	0.374	0.374
Corporate, Customer and Community Services	0.006	0.012	0.012	0.012	0.012
People	(5.583)	(6.832)	(6.832)	(6.832)	(6.832)
Fire & Rescue Service	(0.090)	(0.120)	(0.120)	(0.120)	(0.120)
<b>Net Reduction in one off savings Sub Total</b>	<b>(2.299)</b>	<b>3.434</b>	<b>3.434</b>	<b>3.434</b>	<b>3.434</b>

## New Savings

(£5.646m) of new savings have been identified in 2020/21, and are summarised in Table 9.

Table 9: Savings

Theme	2020/21 Net (£m)	2021/22 Net (£m)	2022/23 Net (£m)	2023/24 Net (£m)	2024/25 Net (£m)
<b>New Programmes</b>					
1. Enterprise & Efficiency	(2.361)	(1.861)	(1.861)	(1.861)	(1.861)
2. Digital Transformation	(0.800)	(1.250)	(1.250)	(1.250)	(1.250)
3. Working Together	(2.485)	(2.485)	(2.485)	(2.485)	(2.485)
<b>Total New Savings identified</b>	<b>(5.646)</b>	<b>(5.596)</b>	<b>(5.596)</b>	<b>(5.596)</b>	<b>(5.596)</b>
<i>Change between years</i>		0.050	0	0	0

The savings are across 3 of the 4 themes that are key to achieving the Council's vision and outcomes.

## New Proposals

There are new proposals of (£5.646m) for 2020/21, which are set out in Table 10.

Table 10: New Proposals

		2020/21	2021/22	2022/23	2023/24	2024/25
Description	Saving	£m	£m	£m	£m	£m
<b>1. Enterprise and Efficiency</b>						
Treasury Management	Borrowing rates are lower than originally budgeted and there is a continuation of delaying approved borrowing.	(1.601)	(0.601)	(0.601)	(0.601)	(0.601)
Insurance	Careful management of insurance claims handling, investment in records management and administration resulting in better repudiation of claims, the budget for insurance can be reduced.	(0.250)	(0.250)	(0.250)	(0.250)	(0.250)

		2020/21	2021/22	2022/23	2023/24	2024/25
Description	Saving	£m	£m	£m	£m	£m
Highways Administration	Successful management and investment in the parking enforcement, means that the part funding of the administration of the service is no longer required.	(0.240)	(0.240)	(0.240)	(0.240)	(0.240)
Contract efficiencies	Re-tendering and award of independent sector homecare contracts, whose new arrangements went live in September 2019, potential contract efficiencies have been identified.	(0.270)	(0.270)	(0.270)	(0.270)	(0.270)
Income Generation from Enterprise Projects	A number of projects are in the development stage in relation to enterprise initiatives. Some build on existing traded services e.g. registration services, car park and infrastructure provision for partners etc., others relate to new sectors, such as investment in renewable energy technologies, potentially utilising existing Council assets.	0.000	(0.500)	(0.500)	(0.500)	(0.500)
<b>Sub Total Enterprise and Efficiency</b>		<b>(2.361)</b>	<b>(1.861)</b>	<b>(1.861)</b>	<b>(1.861)</b>	<b>(1.861)</b>
<b>2. Digital Transformation</b>						
Digital Transformation	A number of projects have been developed which provide the opportunity to use digital technologies to deliver better services. Processes will be redesigned and streamlined, improving efficiencies and generating savings.	(0.800)	(1.250)	(1.250)	(1.250)	(1.250)
<b>Sub Total Digital Transformation</b>		<b>(0.800)</b>	<b>(1.250)</b>	<b>(1.250)</b>	<b>(1.250)</b>	<b>(1.250)</b>
<b>3. Working Together</b>						
Cumbria Care	The continued reshaping of Cumbria Care provides budget savings in addition to those originally set out in the prior year Medium Term Financial Plan.	(2.095)	(2.095)	(2.095)	(2.095)	(2.095)
Promoting Independence	Following successful implementation of Promoting Independence activity over the last 18 months, this is phase 2 of the approach involving the review of less complex, lower value care packages currently meeting individuals' needs in the community and involves a review of how their needs are best met, maximising independence using a strengths based approach.	(0.390)	(0.390)	(0.390)	(0.390)	(0.390)
<b>Sub Total Working Together</b>		<b>(2.485)</b>	<b>(2.485)</b>	<b>(2.485)</b>	<b>(2.485)</b>	<b>(2.485)</b>
<b>Total New Schemes</b>		<b>(5.646)</b>	<b>(5.596)</b>	<b>(5.596)</b>	<b>(5.596)</b>	<b>(5.596)</b>
<b>Change between years</b>			<b>0.050</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

## Precepts and Levies

Note the Council pays a number of precepts or levies to organisations as set out in Table 11. These relate to flood defence levies and a levy towards the Inshore Fisheries Authority.

**Table 11: Precepts paid**

<b>Precepting Body</b>	<b>2020/21 £m</b>
Environment Agency	0.321
North West Inshore Fisheries Conservation Authority	0.537
<b>Total Precepts Paid</b>	<b>0.858</b>

## Gross Budget

The difference between the Council's Net Budget and its Gross Budget is that the Gross Budget includes spend financed from specific grants such as the Dedicated Schools Grant (DSG), spend financed from fees and charges and spend financed from other sources of external income. Hence the Gross Budget is a more detailed presentation of the total spend of the Council. Table 12 and Chart 6 show the Gross Service Expenditure Budget across the Council including schools for 2020/21:

**Table 12: 2020/21 Gross Budget – Service Expenditure**

<b>Directorate</b>	<b>Gross Budget 2020/21 £m</b>	<b>Specific Grants £m</b>	<b>Fees &amp; Charges £m</b>	<b>Other External Income £m</b>	<b>Internal Income £m</b>	<b>Net Budget 2020/21 £m</b>
People (including Schools)	631.112	(339.002)	(38.804)	(64.634)	(1.356)	187.316
Economy & Infrastructure	152.916	(2.015)	(5.837)	(5.833)	(9.218)	130.013
Fire & Rescue Services	20.232	0	(0.006)	(0.438)	0	19.788
Finance	27.902	(0.753)	0	(0.839)	(0.220)	26.090
Corporate, Customer & Community	38.151	(0.880)	(2.196)	(1.137)	(0.110)	33.828
Local Committees	8.158	0	0	0	0	8.158
Other Items Charged Corporately	12.705	0	0	(0.500)	0	12.205
<b>Service Expenditure</b>	<b>891.176</b>	<b>(342.650)</b>	<b>(46.843)</b>	<b>(73.381)</b>	<b>(10.904)</b>	<b>417.398</b>

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

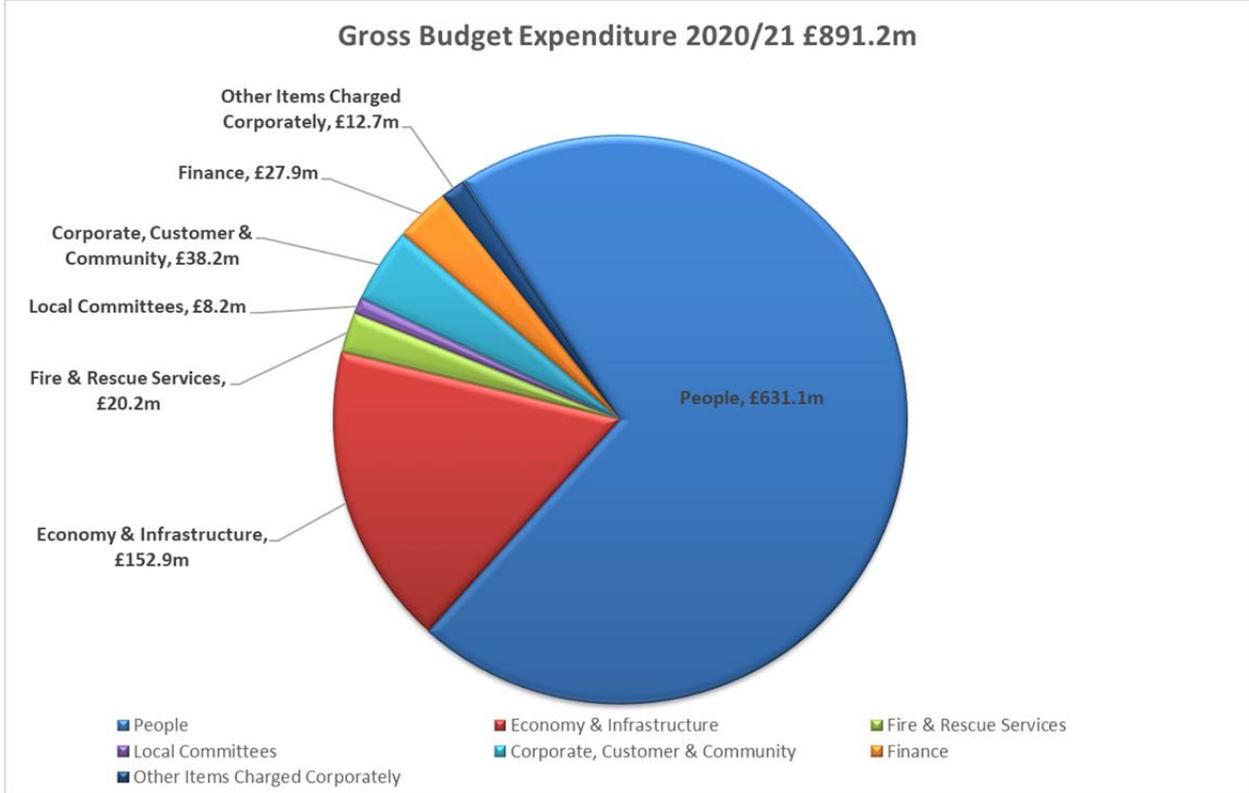


Table 12 shows that the Council's gross service expenditure for 2020/21 is £891.2m; this includes DSG spend for schools. Each of the key elements taking the Council's gross service expenditure of £891.2m to its Net Service Expenditure Budget of £417.4m is explained below.

## Specific Grants

In 2020/21 the Council has budgeted to receive £342.650m in specific grants; these are grants paid to local authorities that are 'ring fenced', meaning they can only be spent according to the terms and conditions of the grant, and therefore not be used to support general expenditure. One off specific grants are sometimes received in year or for specific government focused activities. They are automatically incorporated into the Directorate Gross expenditure position and monitored as part of the usual budget monitoring processes. A summary of the main specific grants is set overleaf:

**Table 13: Specific Grants Summary**

<b>Detail</b>	<b>£m</b>
<b>Schools</b>	
Dedicated Schools Grant	(264.253)
Sixth Form Grant	(4.334)
Pupil Premium Grant	(11.615)
Universal Infant Free School Meals	(4.455)
Primary PE and Sports Premium	(4.004)
Teachers Pay Grant	(2.590)
Teachers Employer Pension Contribution Grant	(7.420)
<b>Total Schools</b>	<b>(298.671)</b>
<b>Non Schools</b>	
IBCF Grant	(20.710)
Public Health Grant	(18.398)
Skills Funding Agency	(2.251)
Various	(2.620)
<b>Total Non Schools</b>	<b>(43.979)</b>
<b>Total</b>	<b>(342.650)</b>

The most significant specific grant is the Dedicated Schools Grant (DSG); this is used to fund Schools expenditure. The 2020/21 provisional Schools' Funding Settlement was announced on 19<sup>th</sup> December 2019, which gave a provisional figure for DSG of £382.632m for Cumbria for 2020/21. Of this £264.253m is estimated to be for Council Maintained schools with £118.380m for Academies (based on school pupil numbers at October 2019).

**Table 14: Dedicated Schools Grant Settlement**

	<b>Schools Block</b>	<b>High Needs Block</b>	<b>Central Schools Services Block</b>	<b>Early Years Block</b>	<b>Total DSG 2020/21</b>	<b>Total DSG 2019/20</b>
	£m	£m	£m	£m	£m	£m
Total DSG	302.212	4.419	48.339	27.662	<b>382.632</b>	356.389
Less Transfer to Academies / Other providers	114.424	0.000	3.956	0.000	<b>118.380</b>	(105.141)
<b>DSG Allocation to CCC</b>	<b>187.788</b>	<b>4.419</b>	<b>44.383</b>	<b>27.662</b>	<b>264.253</b>	251.248

Following the return of Public Health to local authorities in 2013, the Council became responsible for achieving a series of Public Health outcomes and has budgeted to receive a grant specifically for its Public Health responsibilities totalling £18.398m in 2020/21 (this grant allocation has yet to be confirmed), this is an increase of £0.484m from our previous MTFP assumptions. The settlement confirmed that the Public Health Grant will continue as a specific grant until 31<sup>st</sup> March 2021, and the Government has indicated public health funding is probably to be included in the Business Rates Retention Scheme, i.e. the specific grant will cease.

### Fees and Charges

Each year Council agrees the fees and charges that will be levied over the coming financial year. This is in the form of a Fees and Charges Schedule. This is available as part of the February Council Budget Report and available on the Council's website at [www.cumbria.gov.uk/finance/finance/statementofaccounts](http://www.cumbria.gov.uk/finance/finance/statementofaccounts)

Where fees and charges are set by statutory bodies the relevant inflation factors have been applied. In some cases the statutory increases have yet to be confirmed, when they are, the Fees and Charges schedule will be updated.

### *Discretionary fees and charges*

The discretionary fees and charges have been reviewed in line with the Fees and Charges Policy to ensure the individual fees and charges 'recover operating or full costs'; as per the policy. As a result of this review there are a number of individual fees and charges with above inflationary increases, these are detailed in the Fees and Charges Appendix C of the Budget Report.

The key areas of change are:-

Parking – The Council car parks at Cumbria House and Cecil Street as well as the Penalty Charge Notices have not previously been included in the Fees and Charges Appendix C. There is no increase from 2019/20.

### *Fees and Charges Summary*

The Council has budgeted to receive (£46.843m) in fees and charges in 2020/21 (excluding the additional registrars income generated from the income generation proposal; this is an increase of (£1.207m) compared to the previous year. The table below summarises the budgeted income levels for the main fees and charges.

**Table 15: Fees and Charges Summary**

	<b>2019/20</b>	<b>2020/21</b>	<b>Difference</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Residential & Nursing Care	(26.596)	(26.454)	0.142
Non Residential Care	(9.234)	(10.499)	(1.265)
Other	(9.806)	(9.890)	(0.084)
<b>Total</b>	<b>(45.636)</b>	<b>(46.843)</b>	<b>(1.207)</b>

### Other External Income

Table 16 below highlights the main sources of external income received by the Council:

**Table 16: External Income Summary**

<b>Detail</b>	<b>£m</b>
Better Care Fund (indicative)	(38.233)
NHS contributions to CCC commissioned social care packages	(16.361)
Port of Workington Commercial Income	(1.792)
Cumbria County Holdings Dividend (100% owned company)	(0.500)
Partner contributions to Active Cumbria	(0.558)
Services provided by People	(9.482)
Other	(6.455)
<b>Total</b>	<b>(73.381)</b>

### Better Care Fund

The Better Care Fund (BCF) is a programme spanning both the NHS and local government which seeks to join-up health and care services, so that people can manage their own health and wellbeing, and live independently in their communities for as long as possible.

The BCF represents a unique collaboration between NHS England, the Ministry of Housing, Communities and Local Government (MHCLG), Department of Health and Social Care (DHSC) and the Local Government Association providing a mechanism for joint health and social care planning and commissioning, bringing together ring-fenced budgets from Clinical Commissioning Group (CCG) allocations, the Disabled

Facilities Grant (DFG) and funding paid directly to local government for adult social care services, the Improved Better Care Fund (iBCF).

As set out in the NHS England Long Term Plan, the BCF will continue to support integration between health and social care in 2020/21, with the 2020/21 Better Care Fund Policy Framework is expected to be published in early 2020. The Integration and BCF Planning Requirements will then follow to help areas develop updated BCF plans for 2020/21.

The 2015 Spending Review announced that £1.5bn would be added to the ring-fenced Better Care Fund (BCF) (the Improved Better Care Fund iBCF) progressively from 2017/18 reaching £1.5bn in 2019/20. The Spring 2017 Budget then made an announcement that an additional £2bn would be provided to councils in England to spend on adult social care services over the 3 years from 2017/18 to 2019/20. The total allocations for the iBCF being £1.499bn for 2018/19 and £1.837bn for 2019/20. The Council's share of the iBCF for 2019/20 was £20.730m.

The Spending Round 2019 announced the continuation of both the BCF and iBCF with Cumbria's indicative allocation being £38.233m and £20.710m respectively as presented in Tables 16 and 13. Until planning guidance is issued the budget has been set on the basis of national modelling, this has resulted in a slight reduction in the iBCF grant with the additional elements for inflation being subject to agreement by partners as part of the planning and approvals process.

As the Spending Round 2019 is for one year only for planning purposes it is assumed that the BCF and iBCF, or an equivalent, will continue for the period of the MTFP. This is due to the considerable level of funding that is involved in both of these sources of funding and any reduction in future years funding would have a significant impact on the Council's ability to provide social care services.

### Internal Income

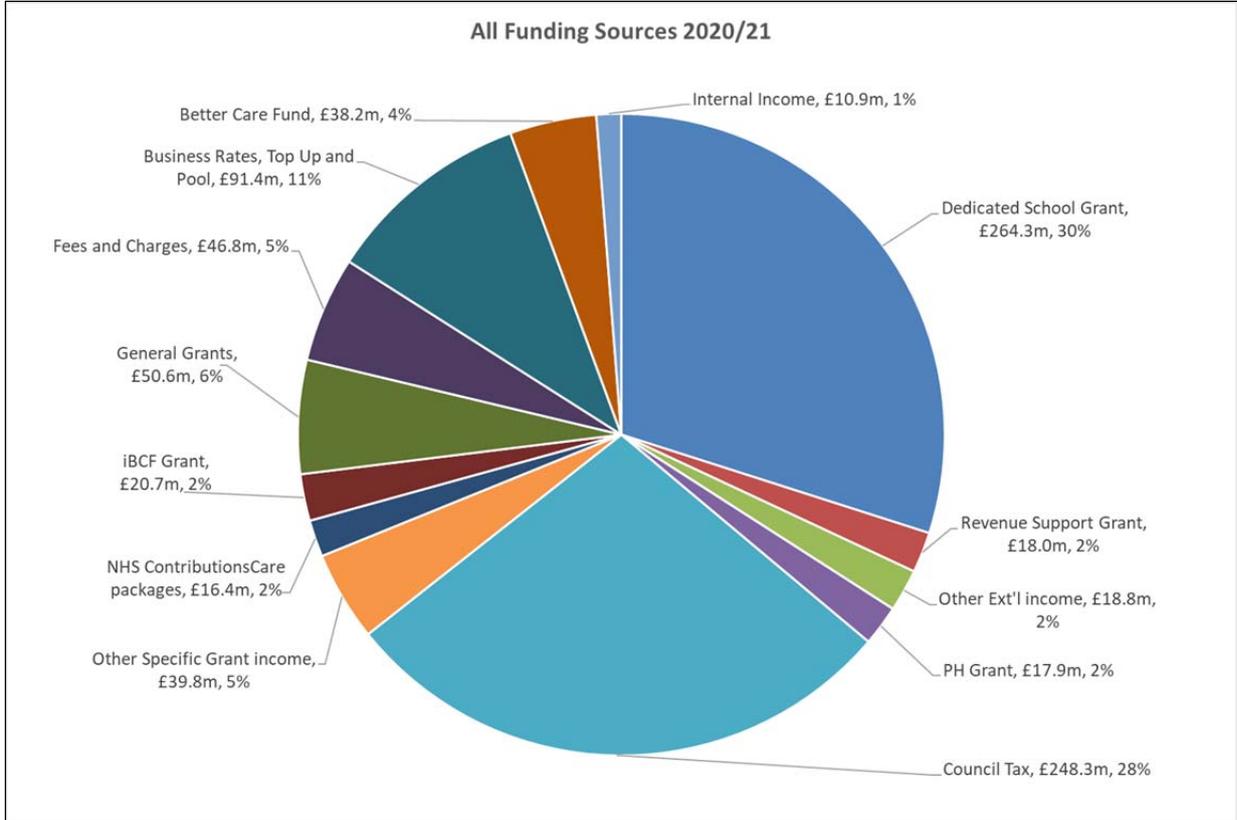
Similar with most large complex organisations local authorities have 'internal recharges'; where the Council would recharge a cost to another service budget (or a capital budget, recognising that costs are not always managed in the same place as income is received) and the income would be received by the charging directorate. In recent years the Council has removed cumbersome recharging practices so that all that remains is necessary recharging for accounting or practicality reasons. The main areas of internal recharges are set out in Table 17:

**Table 17: Internal Income Summary**

Highways	(4.195)
Services to schools	(1.253)
Charges to capital programme	(3.541)
Other	(1.915)
<b>Total</b>	<b>(10.904)</b>

Chart 7 brings together the Councils funding sources including Government Grants, Council Tax, Business Rates and other sources of income.

Chart 7 – All Funding sources 2020/21



# What are the Council's Capital Spending Plans?

## The Capital Programme

The updated Capital Programme for 2020/21 and beyond includes additional investment plans to further achieve the Council's priorities. This brings the total capital investment over the next five years to £286.379m.

The Capital Programme sets out the Council's investment plans over the next five years to achieve the Council's priorities and vision. For instance, there is a new line in the programme investing £10m over a five year period in our current Care Home properties in order to meet the council vision of ensuring people in Cumbria are healthy and safe.

The Capital Programme also contributes to the Council outcome that 'Places in Cumbria are well connected and thriving', through investment in highway network management and capital schemes, and also continuing the development of new schemes and competitive grant funding bids for improvements to the highways network, such as the Grizebeck scheme.

To allow the further development of such schemes the 2020-25 Capital Programme includes £10m over the five year period in order to provide match funding for strategic highways schemes. It is expected the March Budget will set out government intentions for significant investment in roads and infrastructure and this allocation will provide some capacity to bid for government funding. The need to identify local 'match' funding has become a feature in recent investment announcements.

Capital investment shapes the future, it can act as a catalyst and enabler for change. It can also act as an important driver for economic growth - stimulating regeneration and construction, and improving quality of life for our residents.

With a challenging financial environment for the foreseeable future, it will be important to focus our limited capital resources on our strategic priorities and those projects which generate a return on investment. The returns will allow us to reinvest in services for the future.

We will also remain agile and flexible to respond innovatively to new opportunities, changes in national policy and external funding.

Table 18 shows the new schemes included within the Capital Programme by Council in February 2020.

Table 19 shows the additional contributions to existing schemes included in the Capital Programme by Council in February 2020.

The development of the Capital Programme is an incremental process throughout the year. This allows schemes to be approved on a quarterly basis as individual business cases are approved by Cabinet for recommendation to Council for inclusion in the Capital Programme.

Table 18: New Capital Schemes 2020 - 2025

<b>New Scheme</b>	<b>Scheme Total 2020-2025 £m</b>	<b>Summary of Scheme</b>
Land/Port/Waste Statutory Standards	9.000	This funding is to cover projects on CCC owned land, at the Port and Waste disposal sites to ensure that statutory standards are being met.
Cumbria Care Residential	10.000	This funding is to ensure investment continues in Cumbria Care Residential estate for planned maintenance and improvements.
Modernising the Estate	9.000	This funding is to ensure there is a rolling programme to ensure working standards of all CCC staff and visitors are being achieved in line with the Council vision.
Strategic Highways Match Funding	10.000	This funding is to provide match funding for future highways bids to government, such as Grizebeck.
Demolitions	0.415	This is for the demolition of properties that are surplus to requirements and are at the end of their economic life and/or pose a Health and Safety, Financial or Reputational risk. The demolitions will result in cost avoidance associated with any requirement to retain the asset.
<b>Total for New Schemes</b>	<b>38.415</b>	

Table 19: Additional Contributions to existing Schemes 2020 - 2025

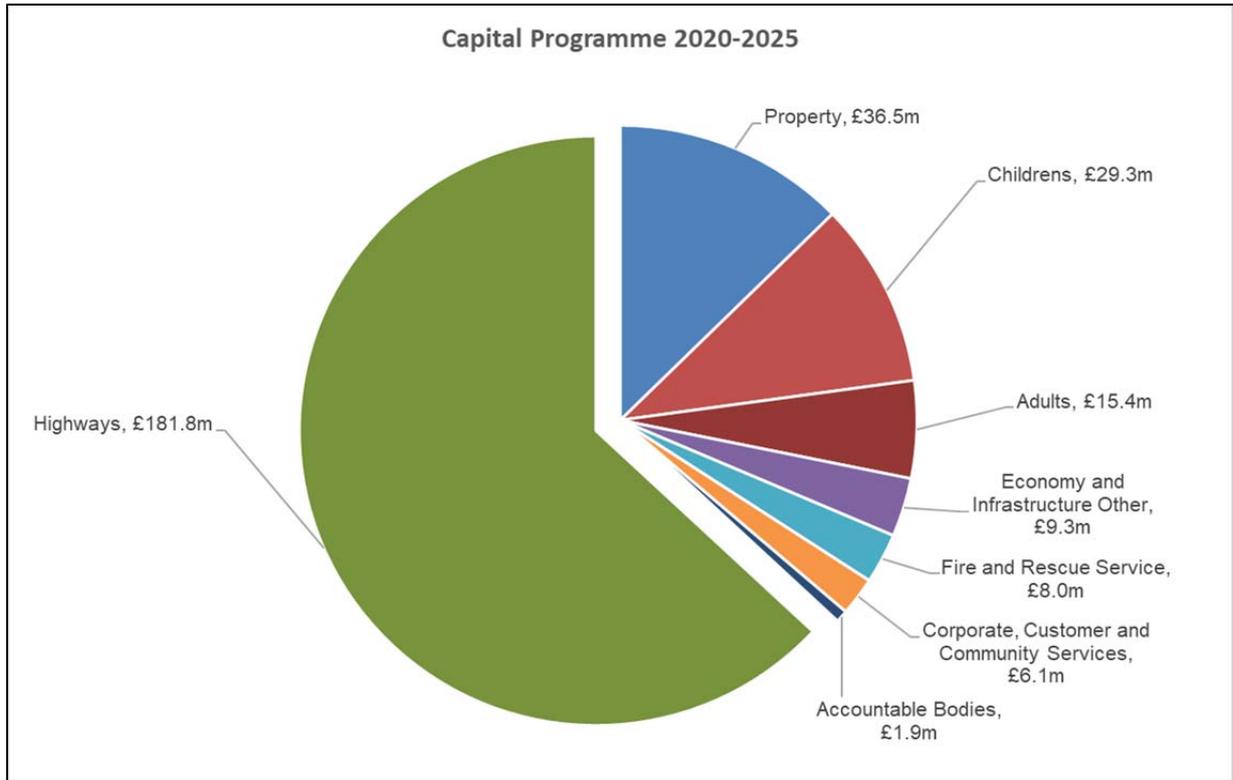
<b>New Scheme</b>	<b>Scheme Total 2020-2025 £m</b>	<b>Summary of Scheme</b>
Schools Prioritised Maintenance Fund	5.000	This funding is required due to the significant and increasing backlog of maintenance issues in order to deliver the priority 1 maintenance (safe, wind and watertight) work that is required. The current estimated government grant is only £4.795m per year, yet we estimate the current backlog will cost upwards of £7.500m per year and this is only to safe, wind and watertight level.

New Scheme	Scheme Total 2020-2025 £m	Summary of Scheme
Chronically Sick and Disabled Persons Adaptations	1.250	This budget enables individuals to live more independently and safely in their own homes and also facilitates discharge from acute and community hospitals.
Corporate Maintenance Fund	14.953	This funding is required to address the increasing maintenance requirements on the corporate estate, which ranges from highways depots, libraries and office building. The funding will cover priority 1 maintenance which is safe, wind and watertight work only for the whole estate.
Fire Vehicle Replacement	4.921	There is a requirement to replace frontline Fire fleet vehicles. CFRS fleet replacement programme is based on the national guidelines which recommend a 12 year old vehicle replacement programme for front line vehicles, falling to 15 years old for secondary appliances (used for training etc). However, due to low mileage and good maintenance programmes the Service has adopted a 15 year programme for all frontline Fire Engines.
ICT Investment (hardware)	4.750	Range of projects to maintain and enhance the ICT provision in the Council's data centres and continue the end user refresh programme. This will also ensure delivery of the ICT Plan and meet the increased service demands.
ICT Investment (transformation)	1.295	
Inclusion Strategy	2.500	This is funding required to continue the delivery of this strategy in the areas of alternative provision and areas of integration.
Strategic Acquisition Fund	5.000	This is funding provided in order to ensure strategically important acquisition can be made in order to support the Council Plan priorities.
A592/A684 Road Safety Foundation Schemes	7.400	This funding has been awarded by the DfT to deliver specific countermeasures which will improve the safety of the road including surfacing, installing roadside barriers as well as signage and line markings.
Highways Transport Block	86.625	This funding is expected from the DfT for £28.875m per annum for years 3 – 5.
<b>Total for Continuation of capital Grants and Additional Contributions</b>	<b>133.694</b>	

Appendix 1 details the £286.379m Capital Programme for the Council from 2020/21 – 2024/25. In addition to the capital programme there are £1.924m of Accountable Body capital schemes.

Chart 8 provides a summary view by type of investment.

**Chart 8 – Overview of the Capital Programme 2020-2025**



The County Council is committed to reducing our carbon footprint and to supporting the development and implementation of projects that promote climate change mitigation and sustainability. The Capital Programme will be updated as projects come forward. It is expected that these projects will be self-financing or funded from external sources. Over recent years the Council has done much to lower our CO2 emissions. Through our street lighting LED replacement programme the council is saving 7,500 tonnes of CO2 per annum, we have decreased our business mileage by one third or 800,000 miles per year since 2009 and we have invested in sustainable technology such as electric vehicles, photovoltaic panels and publically available electric vehicle charging points. While we have already delivered much the Council recognises that more needs to be done.

## Capital Funding

The programme is financed from an assortment of external funding, Government grants, borrowing and capital receipts from sales of our assets. Target levels of borrowing are affordable and consistent with our revenue budget forecasts.

The capital programme depends, in part, on the funding generated from capital receipts. These receipts are realised from the disposal of Council land and buildings that are surplus to the Council's requirements.

The programme estimates that £1.245m of capital receipts will be generated in 2020/21 and will be utilised as part of the Government's capitalisation flexibility. This allows costs incurred to achieve revenue savings, to be capitalised and funded from additional capital receipts.

**Table 20: Capital Receipts 2020-2025**

	<b>Revised forecast General capital receipts for Capital Programme £m</b>	<b>Revised forecast Capital receipts (capitalisation flexibility) £m</b>
2017/18	0.000	2.000
2018/19	0.000	0.655
2019/20	0.500	0.600
2020/21	0.500	1.245
2021/22	0.500	0.000
2022/23	0.500	0.000
2023/24	0.500	0.000
2024/25	0.500	0.000
<b>TOTAL</b>	<b>3.000</b>	<b>4.500</b>

In many areas, particularly schools' spending, the future years' funding is provisional and subject to further potential changes before confirmation.

There are limited resources available within the capital financing plans for the potential schemes under development. For schemes of a significant size, it may be necessary to reassess the level of Prudential Borrowing required.

# What are the Council's Prudential Indicators?

## Prudential Code

The Local Government Act 2003 includes the requirement that Local Authorities have regard to the Prudential Code (the Code). The Code (as revised in 2017) requires the Council to assess its capital investment plans and ensure they are affordable, prudent and sustainable. This must be substantiated by the production of a range of prudential indicators, which cover capital investment and treasury management plans for the forthcoming five years.

The key objective of the Prudential Code is to provide a framework for local authority capital finance to ensure that:

- capital expenditure plans are affordable;
- all external borrowing and other long term liabilities are within prudent and sustainable levels, and;
- treasury management decisions are taken in accordance with professional good practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation.

The Prudential Code specifies a range of indicators that must be used, and other factors that must be taken into account. They should be evaluated as a coherent entity, because changes in any one indicator often impact on others. They must also be considered in conjunction with other annual strategic financial plans, such as the annual revenue and capital budgets. The effects that any alternative options in these budgets might have on the indicators must also be considered before approval is given to the final financial strategic plan.

This system of capital finance allows the Council to have much greater flexibility and freedom over its borrowing. However it does not provide additional central government support for the cost of borrowing. Consequently, the cost of additional capital expenditure has to be met from revenue and has to be affordable and sustainable in the long term.

To demonstrate that the Council has fulfilled these objectives, the following sections set out the Prudential Code indicators that must be set and agreed by full Council. Full Council must also agree any future changes to these indicators.

## Compliance with the Prudential Code

The Council has established procedures to monitor all forward looking prudential indicators and has developed a measurement and reporting process that highlights significant deviations from expectations.

In considering the capital programme, the Code requires the Council to have regard to:

- **Affordability** – the financial implications of capital investment decisions;
- **Prudence and sustainability** – the implications for external borrowing;
- **Value for money** and options appraisal;
- **Stewardship of Council assets** (asset management planning);
- **Service objectives** – strategic planning;
- **Practicality** – the achievability of the forward plan.

### **Affordability**

To assess the affordability of prudential borrowing, we review three key elements:

- The estimates of capital expenditure as part of the Capital Spending Plans.
- The level of the Council's capital financing requirement, which demonstrates our underlying need to borrow to fund the capital spending plans.
- The estimated ratio of financing costs (debt charges, interest payments and interest received) to the Council's net revenue stream for current and future spending plans.

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

**Table 21: Prudential Indicators**

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
<b>PRUDENTIAL INDICATORS - Affordability</b>								
1	<b>Estimates of proposed capital expenditure</b>	<b>Actual</b>	<b>Q2 Estimate</b>	<b>Estimated</b>				
	<b>Estimates of proposed capital expenditure funded by prudential borrowing</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	
		132.734	105.232	90.894	63.461	44.844	44.255	42.925
		23.540	21.768	27.822	23.616	15.215	15.380	14.050
	The actual capital spend for 2018/19, forecast spend for 2019/20 and current estimates of capital expenditure for the five forward years to 2024/25.							
2	<b>Capital Financing requirement (CFR) excluding PFI &amp; other long term liabilities– the borrowing need</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	
	<b>Capital Financing requirement (CFR) including PFI &amp; other long term liabilities– the borrowing need</b>	424.50	444.62	466.47	476.33	477.19	477.77	476.69
		540.70	558.98	578.54	586.66	585.57	583.54	579.04
	The Capital financing requirement indicator is a measure of the Council's underlying need to borrow for a capital purposes.							
3	<b>Ratio of Finance costs to Net Revenue Stream exclusive of PFI</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	
	<b>Ratio of Finance costs to Net Revenue Stream Inclusive of PFI</b>	4.42	4.57	5.00	7.33	7.64	7.75	7.85
		8.43	8.61	8.77	10.89	11.06	11.09	11.09
	This indicator shows the proportion of income received from grant and Council Tax that is spent on paying for the consequences of borrowing to fund capital borrowings.							
<b>PRUDENTIAL INDICATORS - Prudence</b>								
4	<b>Authorised limit for external debt</b>	<b>Actual</b>	<b>Approved</b>	<b>Proposed</b>				
		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	
	Borrowing	473	480	508	518	519	520	519
	Other Long Term Liabilities	135	135	135	135	135	135	135
	Total	608	615	643	653	654	655	654
	The Authorised Limit and Operational Boundary are the monitoring tools against which the actual external borrowing of the Council will be managed. They are based on a prudent but not worst case scenario and include an allowance for unusual or unexpected cash flow movements but not catastrophic events.							
5	<b>Operational boundary for external debt</b>	<b>Actual</b>	<b>Approved</b>	<b>Proposed</b>				
		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	
	Borrowing	448	455	483	493	494	495	494
	Other Long Term Liabilities	125	125	125	125	125	125	125
	Total	573	580	608	618	619	620	619
	The Council is also requested to approve the Operational Boundaries for External Borrowing for the next five years as shown. This boundary is lower than the Authorised limit because it excludes the impact of unusual or unexpected cash flows.							
6	<b>Upper Limit on Net Sums Borrowed</b>	<b>Actual</b>	<b>Approved</b>	<b>Proposed</b>				
		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	
	Fixed Interest Rates	448	455	483	493	494	495	494
	Variable Interest Rates	100	100	100	100	100	100	100

<b>7</b>	<b>Upper Limit for total principal sums invested for over 1 year (per maturity dates)</b>	Lower of £20m or 20% of the portfolio at any time during the financial year
The purpose of this indicator is to ensure that the Council has protected itself against the risk of loss arising from the need to seek early redemption of principal sums invested. Only core cash will be invested for periods greater than 1 year.		

<b>8</b>	<b>Maturity Structure of fixed interest rates borrowing</b>	<b>Upper</b>	<b>Lower</b>	<b>Actual 31/03/20</b>
	Under 12 months	30%	0%	1.9%
	12 months to 2 years	40%	0%	0.0%
	2 years to 5 years	40%	0%	7.7%
	5 years to 10 years	40%	0%	8.1%
	10 years and above	100%	100%	82.3%
The maturity of borrowing is determined by the earliest date on which the lender can require payment. The indicator is designed to exercise control over the Council having large concentrations of fixed rate debt needing to be replaced at any one time.				

## Minimum Revenue Provision

The Minimum Revenue Provision (MRP) is the charge made to the revenue account to reflect the repayment of borrowing over the useful life of the assets that have been funded from that borrowing. The Council implemented the MRP guidance in 2007/08, and has since assessed the MRP in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

The MRP Policy was revised in 2017/18 and those changes are maintained for 2020/21. The Council is satisfied that the guidelines for the annual amount of MRP set out within this Policy Statement (set out below) will result in their making the requisite prudent provision that is required by the guidance.

## 2020/21 MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the Capital Financing Requirement (CFR)) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (Voluntary Revenue Provision - VRP).

MHCLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

- **In the case of capital spend incurred before 1 April 2008 and spend financed by “supported” borrowing in all the following years;** from 1 April 2009 this will be charged on a 2% straight line basis, net of ‘Adjustment A’. This ensures that the debt will be repaid within 50 years. Previously, the Council charged MRP in line with former DCLG Option 1. This option provided for an approximate 4% reduction in the supported borrowing need (CFR) each year.
- **In the case of all capital spend financed by Prudential Borrowing;** this will be subject to MRP under *option 3: Asset life method – equal instalments*

*charged over the estimated life of the asset.* MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction).

- Repayments included in annual **Public Private Partnerships (PPP) Public Finance Initiatives (PFI) or finance leases** are applied as MRP.

Estimated life periods will be determined under delegated powers in accordance with the Council's Accounting Policy on depreciation of assets. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

## How will the Council Manage Financial Risk?

### Financial Risk Management

Over the medium term the Council faces continuing financial pressures and has refocused its priorities, and built challenging savings targets into the spending plans for 2020 to 2025. The Council carefully identifies the things that could go wrong and might undermine the Medium Term Financial Plan.

To do this, an assessment is made of what the impact would be if these things happen and how likely they are to happen. The Council ensures that it has plans in place in case things do not turn out as expected. This is part of the Council's risk management strategy, which underpins all that the Council does, not just our financial plans.

The significant financial risks are identified where relevant, on the Council's strategic risk register. They have all been assessed as part of the strategic planning process. These risks are being actively managed and the estimated financial implications have been built into this Medium Term Financial Plan.

Some of the strategic risks have been assessed as particularly uncertain with a potentially significant financial impact. Reserves have been established for these risks.

Table 22 identifies the key risks to the delivery of the MTFP, the actions taken (within this financial plan) and the actions proposed to reduce the impact of these risks on the Council's future financial position.

**Table 22: General Fund Balance Risks**

Title	Value £m	Risk to the Delivery of the MTFP	Mitigation of Risk
<b>Demand for Services</b>	7.750	Risk that the demand for services, e.g. CLA, Younger Adults, Transport etc. could increase further than estimated and that the volatile demand led budgets are not rigorously managed.	Revenue spending is monitored on a monthly basis as part of the Council's corporate performance monitoring framework and reported to Cabinet quarterly. Robust budgets are set that are consistent with agreed demand management plans.
<b>Delivery of Savings</b>	5.000	The Council may have insufficient funds to achieve its priorities if savings aren't fully realised.	The achievement of the savings identified in the MTFP is imperative and is monitored every month as part of the performance monitoring process. This is year 9 of significant budget reductions.

Title	Value £m	Risk to the Delivery of the MTFP	Mitigation of Risk
<b>Volatility of Business Rate income and Council Tax income assumptions</b>	0.500	Risk that the assumptions regarding the Business Rates collected and Council Tax base are incorrect.	Ongoing meetings with the District Councils to monitor the impact of the Business Rates and Council Tax.
<b>Capital</b>	0.500	Capital projects are not delivered on time or within budget requiring revenue contributions to supplement funding	Capital spending is monitored on a monthly basis as part of the Council's corporate performance monitoring framework and reported to Cabinet quarterly. Contingency budgets are now incorporated into cost estimates allowing management of cost increases to be managed within the scheme or released as underspends at the end of the project.
<b>Accountable Bodies</b>	0.100	The Council is exposed, as guarantor, to repayment of grants if the conditions on which grant funding is given are not met.	<p>Ensure when the Council takes on Accountable Body responsibilities it is fully aware of the conditions of funding received.</p> <p>Continual monitoring of all Accountable Body arrangements including Assurance Frameworks are ongoing to ensure that funding conditions are being met.</p>
<b>Contractual matters / Compliance with statutory regulations / inflation re Brexit</b>	0.350	There is a risk of contract non-compliance, changes in legislation or additional inflationary pressures related to Brexit that may result in additional cost pressures.	<p>Council approved an update to the Council's regulation of contract management and disputes within the Contract Procedure Rules included in the Constitution at its meeting on the 11<sup>th</sup> January 2018.</p> <p>In addition close monitoring of statutory regulations, legislation and contractual conditions continues.</p> <p>Focus on 'significant' contracts established since September 2017.</p>
<b>Emergency Response</b>	0.800	Emergency event occurs e.g. major flooding incident / significant traffic incident / flu pandemic which incurs additional unbudgeted costs.	By their nature these events are unplanned but can be addressed by having adequate business continuity and emergency plans in place to cover these situations. Adequate general reserves are assumed to be available to meet any additional costs that may arise, not all costs are met by Belwin arrangements.
<b>Total</b>	<b>15.000</b>		

## Reserves

The Council aims to establish reserves based on financial risk and limit the use of reserves to support on-going spending. General Fund reserves effectively exist to ensure that the risks do not destabilise the services that are being provided during the year. Reserves form an important part of the financial strategy, allowing the authority to manage uncertainty, change and risk without undue impact on the Council Tax.

Without adequate General Fund reserves Councils remain vulnerable to unpredictable costs such as those arising from natural disasters (flooding) or extraordinary variation in service demands. Reserves are a key element in strong financial standing.

The 2003 Local Government Act also provides potential intervention powers if the Government believes balances are at too low a level. In times of austerity such as these, there may be a temptation to “raid” current balances and reserves rather than reduce services through a programme of savings. However, this action must be seen in the light of the prevailing risks. When there is significant change there is a greater risk that financial difficulties may occur and thereby require recourse to balances.

An important factor to consider is that balances can only be spent once. There is a significant risk of financial instability if significant levels of balances are used to fund ongoing spending or reductions in Council Tax. The introduction of referendum thresholds through the Localism Act limits the ability of Councils to replenish reserves from Council Tax increases. The level of reserves held overall is a balance between the risks facing the County and the need to protect the County and Council Tax payer from the short and longer term potential impact of these risks and the opportunity costs of holding those balances.

As of 31st March 2019 the total reserves position of the Council places Cumbria within the lower quartile of English Shire Counties and is forecast to continue without significant contribution being made to improve the value of total reserves. This position will continue to be monitored and reviewed through the development of future MTFP's.

## General Fund Balance

The General Fund Balance at 1st April 2019 was £15.056m. In year monitoring in 2019/20 is presently forecasting a deficit outturn position (Q2 monitoring reflects a £1.500m deficit at year end).

The Director of Finance considers that the General Fund Balance be no less than £15m for 2020/21 and wherever possible, effort is made to improve this, given the circumstances the Council faces. In short, the continuing savings challenge and the shift in funding to a reliance on locally generated income presents significant risk and general economic and funding uncertainty over the life of this MTFP. Every opportunity must be taken to supplement reserves in the medium term. Potential financial risks as set out in the previous table support the target level for general reserves of £15m.

## Earmarked Reserves

As at 1<sup>st</sup> April 2019 earmarked reserves were £68.868m. It is estimated that at 31<sup>st</sup> March 2020 that will have reduced to £55.107m, by 31<sup>st</sup> March 2021 to £44.324m. A significant reduction. This decreases in future years, to £41.059m by 31<sup>st</sup> March 2025.

## Modernisation Reserve

This reserve was earmarked to cover the potential costs and risks associated with equal pay claims, single status implementation and meet the costs of organisational change, such as redundancies or transition costs. Equal pay claims have been settled leaving the primary purpose of this reserve is to meet the costs of organisational change.

The reserve stood at £4.867m at 31<sup>st</sup> March 2019 and is adequate for the immediate calls upon it. It is expected to reduce slightly at 31<sup>st</sup> March 2020 and be fully utilised by 31<sup>st</sup> March 2022.

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

The Council must continue its policy to consider the use of any future windfall surpluses or underspends to further support this reserve in the event the estimates are incorrect. If the Council does not have the ability to provide for redundancy costs through such a reserve the costs of redundancy will have to be met from increasing service budget reductions.

Under Government guidance on the flexible use of capital receipts, for the years 2016/17 to 2021/22 the Council is allowed to capitalise costs incurred in delivering ongoing revenue savings. This includes the costs of redundancy and pension strain linked to the delivery of service reviews and staff reductions. By identifying specific capital receipts to finance these costs the costs can be included within the capital programme. £2m was achieved in 2017/18, £0.655m was achieved in 2018/19 and is available for capitalisation of saving costs and a further £0.600m is expected for 2019/20 and £1.245m for 2020/21, giving a total of £4.500m. As at 31<sup>st</sup> March 2019 £1.081m of savings cost had been capitalised, it is expected that a further £1.463m will be capitalised by 31<sup>st</sup> March 2020 and the remaining £1.956m by 31<sup>st</sup> March 2021.

**Table 23: Capital Receipts (capitalisation flexibility)**

	Revised forecast Capital receipts (capitalisation flexibility) £m	Actual / forecast capitalisation of savings costs £m
2017/18	2.000	0.604
2018/19	0.655	0.477
2019/20	0.600	1.463
2020/21	1.245	1.956

<b>TOTAL</b>	<b>4.500</b>	<b>4.500</b>
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### **School Balances**

The Individual school balances net surplus position is expected to stand at £1.331m as at 31<sup>st</sup> March 2020. This compares to £2.356m as at 31st March 2019.

### **DSG Reserve**

The Central DSG Reserve is expected to have a net surplus of £3.563m at 31st March 2020. This compares to a net surplus of £1.693m at 31st March 2019. The High Needs Block Reserve is expected to have a net deficit of £10.771m at 31<sup>st</sup> March 2020. This compares to a net deficit of £5.533m at 31st March 2019. This combined deficit position of £7.208m and the associated actions to manage it are being monitored by way of the High Needs Recovery Plan through the Schools Forum and Cabinet.

The current forecast expenditure in 2020/21 indicates that this deficit position will increase. The forecast at 31st March 2021 is a deficit of £13.501m. Further work is underway to update the projection beyond 2021.

Like many other authorities, Cumbria continues to experience pressure on the High Needs Block of the DSG. Officers will be meeting DFE officials in the Spring to explore how this deficit could be addressed.

This deficit is largely as a result of increasing numbers of children and young people with Education Health Care Plans (EHCPs) and the increasing complexity of need. The number of children and young people with EHCPs in Cumbria has increased by 493 from 2,929 as at April 2018 to 3,422 as at September 2019 and this rate of increase does not appear to be slowing down. There is also pressure on independent day and residential placements. A number of invest to save initiatives have been developed in conjunction with Cumbria Schools Forum with the aim of developing more in-County provision.

Consultation was launched last year by DFE in respect of the accounting treatment by Councils for deficits relating to schools balances. The outcome of this consultation was published on 31<sup>st</sup> January 2020. It indicates that the government's intention is that DSG deficit should not be recovered from councils' general funds but should be recovered from DSG (schools) income. More detail is awaited.

### **Revenue Grants Reserves**

The expected balance of revenue grants reserves at 31st March 2020 is £21.912m. These balances relate to revenue grants that have been received but the expenditure that they relate to has not yet been incurred. Of the total £21.314m relates to the PFI smoothing reserve. This reserve relates to grants received which will be used to fund the PFI payments in future years.

### **Other Earmarked Revenue Reserves**

There are a number of other earmarked reserves, such as the Insurance reserve. An assessment of these reserves has been undertaken and they are assessed as adequate. A full list of the Council's reserves is set out in Tables 24 and 25.

Table 24: Reserves 2019-2022

Description	Balance at 31/3/19 £000	Balance at 31/3/20 £m	Expected Net Use in 2020/21 £m	Balance at 31/3/21 £m	Expected Net Use in 2021/22 £m	Balance at 31/3/22 £m
<b>GENERAL RESERVES</b>	<b>(15.056)</b>	<b>(15.056)</b>	<b>0</b>	<b>(15.056)</b>	<b>0</b>	<b>(15.056)</b>
<b><u>RING FENCED EARMARKED RESERVES:</u></b>						
<b>DSG FUNDED RESERVES</b>						
Delegated Funds - Schools	(2.356)	(1.331)	3.162	1.831	0	1.831
Central HQ Budgets - DSG	3.841	7.208	6.293	13.501	0	13.501
<b>DSG FUNDED RESERVES</b>	<b>1.485</b>	<b>5.877</b>	<b>9.455</b>	<b>15.332</b>	<b>0</b>	<b>15.332</b>
<b>REVENUE GRANTS &amp; CONTRIBUTIONS RESERVES</b>						
CNDR Grant in Advance	(17.890)	(18.548)	(0.518)	(19.066)	(0.375)	(19.441)
Fire PFI Reserve	(1.602)	(1.680)	(0.078)	(1.758)	(0.078)	(1.836)
Waste Contract (Shanks Unitary Charge)	(0.898)	(1.086)	(0.299)	(1.385)	0	(1.385)
Directorate Revenue Grants in advance	(2.913)	(0.598)	0.475	(0.123)	0.018	(0.105)
<b>TOTAL REVENUE GRANTS RESERVES</b>	<b>(23.303)</b>	<b>(21.912)</b>	<b>(0.420)</b>	<b>(22.332)</b>	<b>(0.435)</b>	<b>(22.767)</b>
CAPITAL FUND - Earmarked Revenue Reserves for Capital Purposes	(1.534)	(0.239)	0	(0.239)	0	(0.239)
LONG TERM INVESTMENT RESERVE	(2.813)	(2.813)	0	(2.813)	0	(2.813)
INSURANCE RESERVE	(11.280)	(11.280)	0	(11.280)	0	(11.280)
<b>TOTAL RINGFENCED EARMARKED RESERVES</b>	<b>(37.445)</b>	<b>(30.367)</b>	<b>9.035</b>	<b>(21.332)</b>	<b>(0.435)</b>	<b>(21.767)</b>
<b>OTHER RESERVES:</b>						
<b>CENTRALLY HELD RESERVES</b>						
Elections	(0.341)	(0.560)	(0.230)	(0.790)	0.770	(0.020)
Improvement & Efficiency Reserve	(0.009)	0	0	0	0	0
Highways Fleet Replacement	(1.750)	0	0	0	0	0
NNDR Volatility Reserve share	(0.380)	0	0	0	0	0
MRP saving to support 2018/19 budget	(2.075)	(2.183)	0.345	(1.838)	1.049	(0.789)
Other priorities and investments	0	0	(1.394)	(1.394)	0.345	(1.049)
Volatility Reserve - Business Rates	(2.576)	(0.009)	(0.112)	(0.121)	0	(0.121)
<b>CENTRALLY HELD RESERVES</b>	<b>(7.131)</b>	<b>(2.752)</b>	<b>(1.391)</b>	<b>(4.143)</b>	<b>2.164</b>	<b>(1.979)</b>
MODERNISATION RESERVE	(4.867)	(4.500)	2.250	(2.250)	2.250	0
DIRECTORATE RESERVES	(4.369)	(2.432)	0.889	(1.543)	0.100	(1.443)
<b>TOTAL OTHER EARMARKED RESERVES</b>	<b>(16.367)</b>	<b>(9.684)</b>	<b>1.748</b>	<b>(7.936)</b>	<b>4.514</b>	<b>(3.422)</b>
<b>TOTAL RESERVES</b>	<b>(68.868)</b>	<b>(55.107)</b>	<b>10.783</b>	<b>(44.324)</b>	<b>4.079</b>	<b>(40.245)</b>

Table 25: Reserves 2022-2025

Description	Balance at 31/3/22 £m	Expected Net Use in 2022/23 £m	Balance at 31/3/23 £m	Expected Net Use in 2023/24 £m	Balance at 31/3/24 £m	Expected Net Use in 2024/25 £m	Balance at 31/3/25 £m
<b>GENERAL RESERVES</b>	<b>(15.056)</b>	<b>0</b>	<b>(15.056)</b>	<b>0</b>	<b>(15.056)</b>	<b>0</b>	<b>(15.056)</b>
<b>RING FENCED EARMARKED RESERVES:</b>							
<b>DSG FUNDED RESERVES</b>							
Delegated Funds - Schools	1.831	0	1.831	0	1.831	0	1.831
Central HQ Budgets - DSG	13.501	0	13.501	0	13.501	0	13.501
<b>DSG FUNDED RESERVES</b>	<b>15.332</b>	<b>0</b>	<b>15.332</b>	<b>0</b>	<b>15.332</b>	<b>0</b>	<b>15.332</b>
<b>REVENUE GRANTS &amp; CONTRIBUTIONS RESERVES</b>							
CNDR Grant in Advance	(19.441)	(0.375)	(19.816)	(0.375)	(20.191)	(0.375)	(20.566)
Fire PFI Reserve	(1.836)	(0.078)	(1.914)	(0.078)	(1.992)	(0.078)	(2.070)
Waste Contract (Shanks Unitary Charge)	(1.385)	0	(1.385)	0	(1.385)	0	(1.385)
Directorate Revenue Grants in advance	(0.105)	0.019	(0.086)	0.018	(0.068)	0.008	(0.060)
<b>TOTAL REVENUE GRANTS RESERVES</b>	<b>(22.767)</b>	<b>(0.434)</b>	<b>(23.201)</b>	<b>(0.435)</b>	<b>(23.636)</b>	<b>(0.445)</b>	<b>(24.081)</b>
CAPITAL FUND - Earmarked Revenue Reserves for Capital Purposes	(0.239)	0	(0.239)	0	(0.239)	0	(0.239)
LONG TERM INVESTMENT RESERVE	(2.813)	0	(2.813)	0	(2.813)	0	(2.813)
INSURANCE RESERVE	(11.280)	0	(11.280)	0	(11.280)	0	(11.280)
<b>TOTAL RINGFENCED EARMARKED RESERVES</b>	<b>(21.767)</b>	<b>(0.434)</b>	<b>(22.201)</b>	<b>(0.435)</b>	<b>(22.636)</b>	<b>(0.445)</b>	<b>(23.081)</b>
<b>OTHER RESERVES:</b>							
<b>CENTRALLY HELD RESERVES</b>							
Elections	(0.020)	(0.230)	(0.250)	(0.230)	(0.480)	(0.230)	(0.710)
Improvement & Efficiency Reserve	0	0	0	0	0	0	0
Highways Fleet Replacement	0	0	0	0	0	0	0
NNDR Volatility Reserve share	0	0	0	0	0	0	0
MRP saving to support 2018/19 budget	(0.789)	0	(0.789)	0	(0.789)	0	(0.789)
Other priorities and investments	(1.049)	1.049	0	0	0	0	0
Volatility Reserve - Business Rates	(0.121)	0	(0.121)	0	(0.121)	0	(0.121)
<b>CENTRALLY HELD RESERVES</b>	<b>(1.979)</b>	<b>0.819</b>	<b>(1.160)</b>	<b>(0.230)</b>	<b>(1.390)</b>	<b>(0.230)</b>	<b>(1.620)</b>
MODERNISATION RESERVE	0	0	0	0	0	0	0
DIRECTORATE RESERVES	(1.443)	0.100	(1.343)	0.041	(1.302)	0	(1.302)
<b>TOTAL OTHER EARMARKED RESERVES</b>	<b>(3.422)</b>	<b>0.919</b>	<b>(2.503)</b>	<b>(0.189)</b>	<b>(2.692)</b>	<b>(0.230)</b>	<b>(2.922)</b>
<b>TOTAL RESERVES</b>	<b>(40.245)</b>	<b>0.485</b>	<b>(39.760)</b>	<b>(0.624)</b>	<b>(40.384)</b>	<b>(0.675)</b>	<b>(41.059)</b>

## Cumbria Local Government Pension Fund

The Council, in its statutory capacity as Administering Authority operates the Cumbria Local Government Pension Scheme (“the Fund”) on behalf of 127 employers (as at 31st March 2019 from across Cumbria. The Fund has over 57,800 members (equating to approximately 13% of the adult population of the county) who rely on the Cumbria LGPS to provide the benefits of a work-based pension for their retirement.

Every three years each of the 91 Local Government Pension Schemes (LGPS) within England and Wales are required to have an independent actuarial valuation. This valuation identifies for the Fund as a whole, and for each individual employer, the funding level (i.e. the percentage of the liabilities of the Fund that are covered by Fund’s assets). The Fund’s appointed Actuary, Mercer Ltd, have calculated that over the three year period to March 2019 the funding position of the Cumbria LGPS has increased from 91.0% to 98.9% due primarily to the investment performance of the pension fund assets over this period.

Mercer Ltd have also calculated the individual employer contribution rates for the next three years (2020/21 to 2022/23). There are two elements to the employer contribution rate, future service which is a percentage of pensionable pay and a fixed cash payment for past deficit which is required to reduce any historic pension deficit. Each employer within the Fund has their own individual valuation position and as such their own specific employer contribution rate. This ensures every employer within the Fund is accountable for any decisions it takes in regards of its pension liabilities such as redundancy programmes, early / ill health retirements, additional deficit contributions, etc.

As an employer within the Fund, the 2019 triennial valuation has provisionally calculated that the Council’s pension contribution for future service should be 18.4% from April 2020 to March 2023 (compared to 14.9% for 2017/18 – 2019/20) and the Council’s deficit contribution requirement is £8.0m for the period of 2020/21-2022/23 (compared to £29.3m for the preceding three year period).

As in previous years the Council proposes to make best use of its short term cash balances and take advantage of the option to make up front payments of the above amounts. As such the MTFP incorporates one-off savings generated by paying the Council’s deficit recovery payment for 2020/21 to 2022/23 upfront in April 2020 and the future service pension contribution annually in April.

## Glossary of Terms

**Capital Expenditure** - Spending on the acquisition of Property, Plant and Equipment or intangible assets, or which enhances the value of an existing asset. Other types of expenditure can be capitalised but only with the express permission of the Secretary of State.

**Capital Receipts** – These receipts are generated by the disposal of non-current assets.

**Council Tax** – The Local Government Finance Act 1992 introduced Council Tax with effect from 1st April 1993 which is based upon property values. There are eight valuation bands for chargeable dwellings ranging from band “A” (the lowest valued properties) to band “H” (the highest valued properties). The Council levies the tax based upon Band D properties; the actual charge will depend upon the banding of the individual dwelling – i.e. those properties in Bands A to C will pay less Council Tax whilst those in bands E to H will pay more.

**Earmarked Reserves** – Amounts set aside by the Council to meet future financial liabilities.

**Medium Term Financial Plan (MTFP)** – The process of identifying and aligning service pressure, corporate priorities and objectives as well as available resources over the medium term (5 years) and budgeting accordingly.

**Minimum Revenue Provision (MRP)** – The amount of money the Council must statutorily set aside in line with the MRP policy adopted by the Council as part of its Medium Term Financial Plan to support the repayment of debt.

**Precept** – In the calculation of the Council Tax for a particular year, precepts levied by appropriate bodies must be taken into account.

**Private Finance Initiative (PFI)** – A method of procuring assets and services over a longer term period, usually 25 years. The financial risks involved are usually shared between the Council and the PFI operator.

**Reserves** – Amounts set aside for purposes falling outside the definition of Provisions are considered as Reserves – expenditure is not charged direct to any Reserve.

**Revenue Expenditure** – Money spent on the day to day running costs of providing the various services. It is usually of a constantly recurring nature and produces no permanent asset.

## Council Capital Programme 2020/21-2024/25

Capital schemes	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total 2020-2025 £m
<b>People Directorate – Children’s</b>						
Prioritised Capital Maintenance Projects/Schools Maintenance	7.795	5.795	1.000	1.000	1.000	16.590
Devolved Formula Capital 17/18	0.192					0.192
Devolved Formula Capital 18/19	1.447					1.447
Devolved Formula Capital 19/20	0.705					0.705
Inclusion Strategy	3.240	6.181				9.421
Early Education for two year olds	0.250					0.250
Residential Provision for Children & Young People	0.700					0.700
<b>TOTAL FOR PEOPLE - CHILDRENS</b>	<b>14.329</b>	<b>11.976</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>29.305</b>
<b>People Directorate - Adults</b>						
Extra Care Housing / Accommodation with Care & Support- available for new schemes	1.367	1.545	0.754			3.666
Re-provision of Cavendish House respite facility	0.495					0.495
Chronically Sick and Disabled Persons Adaptations	0.250	0.250	0.250	0.250	0.250	1.250
Cumbria Care Residential	2.000	2.000	2.000	2.000	2.000	10.000
<b>TOTAL FOR PEOPLE - ADULTS</b>	<b>4.112</b>	<b>3.795</b>	<b>3.004</b>	<b>2.250</b>	<b>2.250</b>	<b>15.411</b>
<b>Economy and Infrastructure</b>						
<b>Highways</b>						
Engineering Safety Studies and implementation measures	0.300	0.300	0.300	0.300	0.300	1.500
Infrastructure Deficit Support to District Councils	0.385	0.385	0.385	0.385	0.385	1.925
Countryside Access Improvements (Other)	0.100	0.030	0.100	0.100	0.100	0.430
Traffic signals and Network traffic systems	0.190	0.190	0.190	0.190	0.190	0.950
<b>Total ITB schemes</b>	<b>0.975</b>	<b>0.905</b>	<b>0.975</b>	<b>0.975</b>	<b>0.975</b>	<b>4.805</b>
Highways & Transport - Principal Road Network (PRN) Schemes	5.098	5.703	5.703	5.703	5.703	27.910
Highways & Transport - Bridges & Structures	2.804	3.140	3.140	3.140	3.140	15.364
<b>Local Committee Schemes:</b>						
Devolved to Local Committees - Non-Principal Road Network (NPRN)	18.580	19.057	19.057	19.057	19.057	94.808
Additional Pot Hole Action funding	1.241					1.241
Highways Incentive Fund - Strategic Asset Maintenance Fund	2.255					2.255
<b>Total Transport Block funding</b>	<b>30.953</b>	<b>28.805</b>	<b>28.875</b>	<b>28.875</b>	<b>28.875</b>	<b>146.383</b>
DfT funded Flood Recovery Scheme	10.349					10.349
Live Labs Project	1.350					1.350
Street Lighting - new for 2018/19	1.566					1.566
Lead Local Flood Authority	0.235					0.235
Highways Fleet Replacement	2.155					2.155
SEND Fleet Vehicles	0.950					0.950
A592/A684 Road Safety Foundation Schemes	5.150	3.700				8.850
Strategic Highways Match Funding	2.000	2.000	2.000	2.000	2.000	10.000
<b>TOTAL FOR HIGHWAYS</b>	<b>54.708</b>	<b>34.505</b>	<b>30.875</b>	<b>30.875</b>	<b>30.875</b>	<b>181.838</b>
<b>Economic Development (non LEP)</b>						

<b>Capital schemes</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>Total 2020-2025</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Connecting Cumbria - Phase 2	0.188					<b>0.188</b>
<b>Total for Economic Development (non LEP)</b>	<b>0.188</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.188</b>
<b>TOTAL FOR ECONOMIC DEVELOPMENT</b>	<b>0.188</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.188</b>
Leachate Management - various closed landfill sites	0.100					<b>0.100</b>
Land/Port/Waste Statutory Standards	1.800	1.800	1.800	1.800	1.800	<b>9.000</b>
<b>TOTAL FOR ENVIRONMENT OTHER</b>	<b>1.900</b>	<b>1.800</b>	<b>1.800</b>	<b>1.800</b>	<b>1.800</b>	<b>9.100</b>
<b>Property</b>						
Corporate Property Planned Maintenance and improvement	5.000	4.000	3.000	3.000	3.000	<b>18.000</b>
Area Planning 2019/20	0.800					<b>0.800</b>
Area Planning/Whitehaven Library	0.900					<b>0.900</b>
DSG Funded CMF - Contributions to Schools	1.000	1.000				<b>2.000</b>
Modernising the Estate	1.000	2.000	2.000	2.000	2.000	<b>9.000</b>
Strategic Acquisition and Investment Fund	1.425	1.000	1.000	1.000	1.000	<b>5.425</b>
Demolitions	0.415					<b>0.415</b>
<b>TOTAL FOR PROPERTY</b>	<b>10.540</b>	<b>8.000</b>	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>	<b>36.540</b>
<b>TOTAL FOR ECONOMY AND INFRASTRUCTURE</b>	<b>67.336</b>	<b>44.305</b>	<b>38.675</b>	<b>38.675</b>	<b>38.675</b>	<b>227.666</b>
<b>Corporate, Customer &amp; Community Services</b>						
ICT Investment/Additional ICT Investment	1.370	1.675	1.000	1.000	1.000	<b>6.045</b>
<b>TOTAL FOR CORPORATE, CUSTOMER &amp; COMMUNITY SERVICES</b>	<b>1.370</b>	<b>1.675</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>6.045</b>
<b>Fire &amp; Rescue Service</b>						
Co-located Emergency Response Centre - Ulverston	2.032					<b>2.032</b>
Fire Vehicle replacement	1.715	1.710	1.165	1.330		<b>5.920</b>
<b>TOTAL FOR FIRE &amp; RESCUE SERVICE</b>	<b>3.747</b>	<b>1.710</b>	<b>1.165</b>	<b>1.330</b>	<b>0.000</b>	<b>7.952</b>
<b>TOTAL COUNTY COUNCIL SCHEMES</b>	<b>90.894</b>	<b>63.461</b>	<b>44.844</b>	<b>44.255</b>	<b>42.925</b>	<b>286.379</b>
<b>Accountable Bodies Programme</b>						
LEP - Growing our potential	0.506					<b>0.506</b>
LEP - Clark Door	0.085					<b>0.085</b>
North Cultural Regeneration Fund	0.770					<b>0.770</b>
M-Sport	0.563					<b>0.563</b>
<b>Total Accountable Bodies</b>	<b>1.924</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.924</b>
<b>TOTAL CAPITAL PROGRAMME WITH ACCOUNTABLE BODIES</b>	<b>92.818</b>	<b>63.461</b>	<b>44.844</b>	<b>44.255</b>	<b>42.925</b>	<b>288.303</b>

## Directorate Budgets 2020/21 (Detail)

Net Budget 2019/20	Description	Gross Budget 2020/21	Specific Grant Income	Fees and Charges	Other External Income	Internal Income	Net Budget 2020/21
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	<b>PEOPLE</b>						
183	<b>Director &amp; Support</b>	187	0	0	0	0	187
	<b>Schools and Learning</b>						
0	School & Nursery Budgets	294,062	(287,154)	0	(6,908)	0	0
5,980	Inclusive Learning	10,444	(4,232)	0	0	0	6,212
2,321	Learning Improvement	2,598	(187)	0	0	0	2,411
487	Other Schools & Learning	3,511	(2,040)	(21)	0	0	1,450
8,787	<b>Total Schools and Learning</b>	310,615	(293,613)	(21)	(6,908)	0	10,073
	<b>Early Help</b>						
9,711	Early Help	7,810	(738)	0	(65)	0	7,007
	<b>Learning &amp; Skills</b>						
(56)	Traded Services	4,418	(623)	(1,704)	(964)	(1,184)	(57)
2,773	Learning and Development	3,263	(45)	0	(89)	(170)	2,959
(317)	Community Learning Skills	2,771	(2,607)	0	(349)	0	(185)
2,401	<b>Total Learning &amp; Skills</b>	10,452	(3,275)	(1,704)	(1,402)	(1,354)	2,717
	<b>Children &amp; Families</b>						
33,079	Children Looked After	42,279	(234)	0	(2,242)	0	39,803
7,223	Child Protection	7,659	0	0	0	0	7,659
5,154	Child & Family Support	5,659	(309)	0	(2)	0	5,348
1,266	Other Children & Families	1,008	0	0	0	0	1,008
46,722	<b>Total Children &amp; Families</b>	56,605	(543)	0	(2,244)	0	53,818
	<b>Other</b>						
1,493	Other Directorate Services	3,460	(1,592)	0	0	0	1,868
	<b>AD ADULTS</b>						
	<b>Older Adults</b>						
50,976	- Residential	50,285	0	0	0	0	50,285
22,560	- Support at Home	21,785	0	0	0	0	21,785
495	- Day Care	514	0	0	0	0	514
(753)	- Other Services	19	0	0	(855)	0	(836)
73,277	<b>Total Older Adults</b>	72,603	0	0	(855)	0	71,748
	<b>Younger Adults</b>						
16,005	- Residential	19,540	0	0	0	0	19,540
29,855	- Support at Home	29,072	0	0	0	0	29,072
3,867	- Day Care	3,723	0	0	0	0	3,723
(10,164)	- Other Services	836	0	0	(13,263)	0	(12,427)
39,563	<b>Total Younger Adults</b>	53,171	0	0	(13,263)	0	39,908

Net Budget 2019/20	Description	Gross Budget 2020/21	Specific Grant Income	Fees and Charges	Other External Income	Internal Income	Net Budget 2020/21
£'000		£'000	£'000	£'000	£'000	£'000	£'000
<b>15,632</b>	<b>Other Costs</b>	<b>16,083</b>					
	- Care Management		0	0	(38)	0	<b>16,045</b>
<b>1,717</b>	- Carers Support	<b>1,900</b>	0	0	0	0	<b>1,900</b>
<b>17,349</b>	<b>Total Other Costs</b>	<b>17,983</b>	<b>0</b>	<b>0</b>	<b>(38)</b>	<b>0</b>	<b>17,945</b>
	<b>Personal Contributions</b>						
<b>(26,743)</b>	- Residential	<b>0</b>	0	(26,467)	0	0	<b>(26,467)</b>
<b>(9,368)</b>	- Support at Home	<b>0</b>	0	(10,612)	0	0	<b>(10,612)</b>
<b>(36,111)</b>	<b>Total Personal Contributions</b>	<b>0</b>	<b>0</b>	<b>(37,079)</b>	<b>0</b>	<b>0</b>	<b>(37,079)</b>
<b>(42,586)</b>	Better Care Fund	<b>15,506</b>	(20,710)	0	(38,233)	0	<b>(43,437)</b>
<b>51,492</b>	<b>TOTAL AD ADULTS</b>	<b>159,263</b>	<b>(20,710)</b>	<b>(37,079)</b>	<b>(52,389)</b>	<b>0</b>	<b>49,085</b>
	<b>AD INTEGRATION</b>						
<b>2,124</b>	- AD Integration	<b>6,462</b>	(133)	0	(583)	0	<b>5,746</b>
<b>2,124</b>	<b>TOTAL AD INTEGRATION</b>	<b>6,462</b>	<b>(133)</b>	<b>0</b>	<b>(583)</b>	<b>0</b>	<b>5,746</b>
	<b>AD PROVIDER SERVICES</b>						
	<b>Cumbria Care Older Adults</b>						
<b>22,773</b>	- Residential	<b>22,159</b>	0	0	(4)	0	<b>22,155</b>
<b>9,937</b>	- Support at Home	<b>11,626</b>	0	0	0	0	<b>11,626</b>
<b>318</b>	- Day care	<b>343</b>	0	0	0	0	<b>343</b>
<b>0</b>	- Management	<b>0</b>	0	0	0	0	<b>0</b>
<b>33,029</b>	<b>Total Cumbria Care Older Adults</b>	<b>34,128</b>	<b>0</b>	<b>0</b>	<b>(4)</b>	<b>0</b>	<b>34,124</b>
	<b>Cumbria Care Younger Adults</b>						
<b>564</b>	- Residential	<b>579</b>	0	0	0	(2)	<b>577</b>
<b>4,026</b>	- Support at Home	<b>4,128</b>	0	0	(15)	0	<b>4,113</b>
<b>5,779</b>	- Day care	<b>6,084</b>	0	0	(130)	0	<b>5,954</b>
<b>99</b>	- Management	<b>100</b>	0	0	0	0	<b>100</b>
<b>10,468</b>	<b>Total Cumbria Care Younger Adults</b>	<b>10,891</b>	<b>0</b>	<b>0</b>	<b>(145)</b>	<b>(2)</b>	<b>10,744</b>
<b>3,013</b>	<b>Community Equipment</b>	<b>3,535</b>	0	0	(202)	0	<b>3,333</b>
<b>978</b>	<b>Management Costs</b>	<b>1,018</b>	0	0	0	0	<b>1,018</b>
<b>3,991</b>	<b>Total Other costs</b>	<b>4,553</b>	<b>0</b>	<b>0</b>	<b>(202)</b>	<b>0</b>	<b>4,351</b>
<b>47,487</b>	<b>TOTAL AD PROVIDER SERVICES</b>	<b>49,572</b>	<b>0</b>	<b>0</b>	<b>(351)</b>	<b>(2)</b>	<b>49,219</b>
	<b>DIRECTOR OF PUBLIC HEALTH</b>						
<b>(193)</b>	Health and Wellbeing	<b>18,074</b>	(18,398)	0	(692)	0	<b>(1,016)</b>
<b>(193)</b>	<b>TOTAL DIRECTOR OF PUBLIC HEALTH</b>	<b>18,074</b>	<b>(18,398)</b>	<b>0</b>	<b>(692)</b>	<b>0</b>	<b>(1,016)</b>
<b>8,612</b>	Capital Charges	<b>8,612</b>	0	0	0	0	<b>8,612</b>
<b>178,819</b>	<b>PEOPLE TOTAL</b>	<b>631,112</b>	<b>(339,002)</b>	<b>(38,804)</b>	<b>(64,634)</b>	<b>(1,356)</b>	<b>187,316</b>

Net Budget 2019/20	Description	Gross Budget 2020/21	Specific Grant Income	Fees and Charges	Other External Income	Internal Income	Net Budget 2020/21
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	<b>ECONOMY &amp; INFRASTRUCTURE SERVICES</b>						
(1,000)	<b>Cross Cutting Savings</b> Corporate Cross Cutting Efficiencies	(1,000)	0	0	0	0	(1,000)
(1,000)	<b>Total Cross Cutting Savings</b>	(1,000)	0	0	0	0	(1,000)
179	<b>Director</b>	179	0	0	0	0	179
2,825	<b>Centralised Directorate Support Services</b>	2,715	0	0	0	0	2,715
	<b>Economy &amp; Environment</b>						
129	Assistant Director	129	0	0	0	0	129
2,245	Waste Staffing & Operations	2,805	0	0	(559)	0	2,246
30,132	Waste Disposal - Renewi	31,395	0	0	(326)	0	31,069
5,405	Waste Recycling	5,567	0	0	0	0	5,567
703	Flood Risk & Development Management	1,040	0	(295)	(21)		724
1,609	Regulatory Services	2,795	0	(1,311)	(52)	0	1,432
643	Economic Development & Infrastructure Planning	1,544	(273)	0	(435)	0	836
40,865	<b>Total Economy &amp; Environment</b>	45,275	(273)	(1,606)	(1,393)	0	42,003
	<b>Highways, Transport &amp; Fleet</b>						
129	Assistant Director	128	0	0	0	0	128
13,871	CNDR	13,929	0	0	0	0	13,929
3,833	Winter Maintenance	3,871	0	0	0	0	3,871
1,868	Highways Management & Operations	12,027	0	(3,442)	(445)	(5,979)	2,161
9,245	Concessionary Fares	9,543	0	(19)	0	0	9,524
18,360	Integrated Transport & Fleet	24,256	(530)	(700)	(42)	(2,672)	20,312
47,306	<b>Total Highways, Transport &amp; Fleet</b>	63,754	(530)	(4,161)	(487)	(8,651)	49,925
	<b>Capital Programme &amp; Property</b>						
868	Property (including Assistant Director)	3,078	0	(70)	(1,840)		1,168
2,363	Corporate Maintenance	4,122	(1,212)	0	0	0	2,910
8,786	Corporate Landlord	9,360	0	0	(321)	(567)	8,472
(160)	Port of Workington	1,641	0	0	(1,792)	0	(151)
320	Carbon Tax	0	0	0	0	0	0
12,177	<b>Total Capital Programme &amp; Property</b>	18,201	(1,212)	(70)	(3,953)	(567)	12,399
	<b>Other</b>						
23,792	Capital Charges	23,792	0	0	0	0	23,792
23,792	<b>Total Other</b>	23,792	0	0	0	0	23,792
126,145	<b>ECONOMY &amp; INFRASTRUCTURE SERVICES TOTAL</b>	152,916	(2,015)	(5,837)	(5,833)	(9,218)	130,013

Net Budget 2019/20	Description	Gross Budget 2020/21	Specific Grant Income	Fees and Charges	Other External Income	Internal Income	Net Budget 2020/21
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	<b>FIRE SERVICES</b>						
	<b>Fire &amp; Rescue</b>						
16,905	Fire & Rescue Service	18,097	0	(6)	(98)	0	17,993
143	Resilience	536		0	(340)	0	196
17,048	<b>Total Fire &amp; Rescue</b>	18,633	0	(6)	(438)	0	18,189
	<b>Other</b>						
1,598	Capital Charges	1,599	0	0	0	0	1,599
1,598	<b>Total Other</b>	1,599	0	0	0	0	1,599
18,646	<b>FIRE SERVICES TOTAL</b>	20,232	0	(6)	(438)	0	19,788

Net Budget 2019/20	Description	Gross Budget 2020/21	Specific Grant Income	Fees and Charges	Other External Income	Internal Income	Net Budget 2020/21
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	<b>FINANCE</b>						
747	Performance & Risk	836	0	0	(77)	0	759
17,519	Treasury Management	19,632	0	0	0	0	19,632
3,206	Corporate Insurances	3,629	(673)	0	0	0	2,956
	<b>Finance</b>						
130	Assistant Director	133	0	0	0	0	133
371	Pensions and Financial Services	1,164	0	0	(558)	(220)	386
1,799	Accountancy and Financial Planning	2,047	(80)	0	(134)	0	1,833
382	Internal Audit Service	461	0	0	(70)	0	391
2,682	<b>Total Finance</b>	3,805	(80)	0	(762)	(220)	2,743
24,154	<b>FINANCE TOTAL</b>	27,902	(753)	0	(839)	(220)	26,090

Net Budget 2019/20	Description	Gross Budget 2020/21	Specific Grant Income	Fees and Charges	Other External Income	Internal Income	Net Budget 2020/21
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	<b>CORPORATE, CUSTOMER &amp; COMMUNITY SERVICES</b>						
	<b>Director &amp; Chief Executive</b>						
733	Chief Executive	696	0	0	0	0	696
167	Director	230	0	0	0	0	230
900	<b>Total Director &amp; Chief Executive</b>	926	0	0	0	0	926
	<b>Chief Legal Officer</b>						
125	Assistant Director	128	0	0	0	0	128
4,489	Legal & Democratic Services	6,236	0	0	(217)	(41)	5,978
1,692	Coroners	1,711	0	0	0	0	1,711
6,306	<b>Total Chief Legal Officer</b>	8,075	0	0	(217)	(41)	7,817
	<b>Organisational Change</b>						
130	Assistant Director	131	0	0	0	0	131
352	Transformation	359	0	0	0	0	359
1,680	People Management	1,878	(160)	0	(5)	0	1,713
491	Corporate Health & Safety	714	(160)	0	(44)	0	510
11,801	ICT Services	12,542	(28)	0	(303)	0	12,211
14,454	<b>Total Organisational Change</b>	15,624	(348)	0	(352)	0	14,924
	<b>Strategic Commissioning</b>						
1,938	Commissioning	1,974	0	0	0	0	1,974
456	Corporate Procurement & Contracts	461	0	0	(381)	0	80
2,394	<b>Total Strategic Commissioning</b>	2,435	0	0	(381)	0	2,054
	<b>Customer &amp; Community Services</b>						
135	Assistant Director	124	0	0	0	0	124
1,215	Policy & Scrutiny	593	(42)	0	0	0	551
684	Communications	695	0	0	0	0	695
1,725	Service Centre & Digital	2,691	(16)	(243)	(49)	(69)	2,314
0	Business Support	0	0	0	0	0	0
4,618	Community Services	7,307	(474)	(1,953)	(138)	0	4,742
8,377	<b>Total Customer &amp; Community Services</b>	11,410	(532)	(2,196)	(187)	(69)	8,426
	<b>Cross cutting Items to be allocated</b>						
0	Digital Transformation	(800)	0	0	0	0	(800)
(343)	Customer Service Transformation	(313)	0	0	0	0	(313)
(343)	<b>Total Cross cutting Items to be allocated</b>	(1,113)	0	0	0	0	(1,113)
	<b>Other</b>						
794	Capital Charges	794	0	0	0	0	794
794	<b>Total Other</b>	794	0	0	0	0	794
32,882	<b>CORPORATE, CUSTOMER &amp; COMMUNITY SERVICES TOTAL</b>	38,151	(880)	(2,196)	(1,137)	(110)	33,828

Net Budget 2019/20	Description	Gross Budget 2020/21	Specific Grant Income	Fees and Charges	Other External Income	Internal Income	Net Budget 2020/21
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	<b>LOCAL COMMITTEES</b>						
5,845	Highways Revenue	6,065	0	0	0	0	6,065
	<b>Non Highways :</b>						
614	Neighbourhood Development - Area Support Teams	614	0	0	0	0	614
0	Individual Local Member Schemes	0	0	0	0	0	0
1,116	Discretionary Budget, incorporating General Provision, School Crossing Patrols and 0-19 Services	1,116	0	0	0	0	1,116
317	Money Advice - CAB	317	0	0	0	0	317
0	Community Waste Prevention Fund	0	0	0	0	0	0
46	Sandgate Hydrotherapy Pool	46	0	0	0	0	46
2,093	<b>Total for Non Highways</b>	2,093	0	0	0	0	2,093
7,938	<b>LOCAL COMMITTEE TOTAL</b>	8,158	0	0	0	0	8,158

Net Budget 2019/20	Description	Gross Budget 2020/21	Specific Grant Income	Fees and Charges	Other External Income	Internal Income	Net Budget 2020/21
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	<b>CHARGED CORPORATELY</b>						
4,888	Residual Pension Costs	4,888	0	0	0	0	4,888
5,924	Pension costs for past service	5,924	0	0	0	0	5,924
58	Surplus Assets Depreciation	58	0	0	0	0	58
(1,000)	Dividend from Cumbria Holdings Ltd	0	0	0	(500)	0	(500)
	Transformation Fund	3,925	0	0	0	0	3,925
(2,090)	Cross Cutting Savings	(2,090)	0	0	0	0	(2,090)
7,780	<b>CHARGED CORPORATELY TOTAL</b>	12,705	0	0	(500)	0	12,205
396,364	<b>TOTAL SERVICE EXPENDITURE</b>	891,176	(342,650)	(46,843)	(73,381)	(10,904)	417,398