



Date: Wednesday, 27 January 2016

Time: 12.00 pm

Venue: Shrewsbury Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire,
SY2 6ND

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CABINET

TO FOLLOW REPORT (S)

5 Financial Strategy 2016/17 to 2018/19 (Pages 1 - 34)

Lead Member – Mr Malcolm Pate – Leader of the Council and Portfolio Holder for Strategy, Financial Strategy, Budget and Business Plan.

Report of the Head of Finance, Governance and Assurance is attached, marked 5

Contact – James Walton Tel: 01743 255001

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<u>Committee and Date</u>	<u>Item</u>
Cabinet	
27 th January 2016	
12:00noon	<u>Public</u>

FINANCIAL STRATEGY 2016/17 – 2018/19

Responsible Officer James Walton
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1. Summary

This report presents an important next stage in developing a sustainable financial strategy for the Council. On 28 October 2015, Cabinet considered a report setting out the wider financial strategy and the modelling of anticipated resources over the next five years. On 9 December 2015 a further report was considered by Cabinet setting out the proposals to balance 2016/17 budget in more detail and recommending an overall increase in Council Tax of 3.99%. Details of the Council’s proposed longer term strategy were not available at that time and it was acknowledged that this would form an important element of the Big Conversation the Council is undertaking with the public.

On 17th December 2015 the Provisional Local Government Settlement was published setting out proposed funding levels for 2016/17 through to 2019/20. The impact on Shropshire’s finances has been a front loading of the reductions we had anticipated, and a number of changes to the 2016/17 budget are proposed to manage this. Furthermore, the funding gap in 2017/18 and 2018/19 has been reviewed and proposals to close this gap identified. The implications for service delivery could be extremely significant. We are working hard to find alternative approaches to delivering a balanced budget in 2017/18 and beyond, including lobbying government to provide a fairer funding mechanism. In the meantime we have identified what budget reductions and potential impact on service delivery that would otherwise be necessary to balance the budget. This approach needs detailed consideration to ensure the Council is not placed at risk of being unable to deliver statutory functions or being unable to meet the needs of the most vulnerable. The impact of the provisional settlement on Council finances brings into question our ability to deliver a Sustainable Business Model ie our ability to generate sustainable funding to enable a sustainable and safe delivery model.

The next steps in the development of the financial strategy as set out in this report cover the following main areas:

- The impact on the Financial Strategy of the Provisional Local Government Settlement published on 17th December 2015 and further detail available following the Spending Review announcement on 25 November.
- The impact on the 2016/17 Budget of the Provisional Local Government Settlement and consequent updated savings proposals for the year.
- Identification of the preferred option for modelling Council resources into the future, based upon a three year model with assumed Council Tax increases of 3.99% per annum.
- Identification of savings proposals for the remaining two years of the three year Strategy (2017/18 and 2018/19) based on the categorisation of all Council functions for consideration as part of the Big Conversation. Each of these initial proposals has been 'RAG Rated' to demonstrate:
 - What we can deliver with certainty and minimum implications (Green)
 - What we are able to deliver, but with risks and implications that need to be explored further (Amber)
 - Options for proposals that need further review, discussion and consideration of alternative options before they can be recommended as reasonable savings proposals (Red)

The Final Local Government Settlement is due to be released on 3rd February 2016. As a consequence, the next Financial Strategy report to Cabinet on 10th February 2016 will be delayed and sent out to follow the agenda.

2. Recommendations

It is recommended that members:

- A. Note the impact of the Provisional Local Government Settlement and Spending Review on the Council's Financial Strategy as set out in Section 6.
- B. Approve the revised proposals to manage the 2016/17 budget as a result of the Provisional Local Government Settlement as set out in Section 7.
- C. Note and comment on the revised modelling of Council Resources over the following 2 years 2017/18 to 2018/19 as set out in Section 8 and the implications for future service delivery, Council Tax increases and budget reductions.
- D. Note and comment on the target budgets for each Directorate of the Council, and note the initial savings to achieve a balanced budget for 2017/18 and 2018/19 as set out in Appendix 3 to this report.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1. The development and delivery of the Council's Business Plan and Financial Strategy is the key process in managing many of the Council's strategic risks. The opportunities and risks arising are assessed each time the document is refreshed for Cabinet consideration. The Council's Strategic Risks are

reported separately, but the Business Plan and Financial Strategy makes specific reference to the significant financial uncertainty across Local Government in the Medium Term.

Financial Uncertainty

- 3.2. Reference should be made to the reports to Cabinet 28 October 2015 and 9 December 2015 of which the following is an update.
- 3.3. There is a significant risk that the Council's financial position will impact on service delivery in future years. It is not yet clear as to the extent of this impact as a great deal of work is still required to finalise our overall financial position and consider how redesigned functions could be delivered in future. Nevertheless, we have identified proposals for service reductions that would be necessary to deliver a balanced budget over the next three years. This approach needs detailed consideration to ensure the Council is not placed at risk of being unable to deliver statutory functions or being unable to meet the needs of the most vulnerable. The impact of the provisional settlement on Council finances brings into question our ability to deliver a Sustainable Business Model ie our ability to generate sustainable funding to enable a sustainable and safe delivery model.
- 3.4. The Provisional Local Government Finance Settlement has provided details for the financial years 2016/17 to 2019/20. The figures beyond 2016/17, however, may be subject to variations in future settlements.
- 3.5. The Financial Strategy is based upon delivery of a balanced budget over the Medium Term. Each year the delivery of services and savings proposals is maintained and reported to Cabinet on a quarterly basis. The impact of significant additional pressures (for example, demographic pressures in Adult Services) and the non-achievement of savings proposals impact not only on the relevant financial year, but also in future years of the Strategy. In previous years there has been an ability to freeze spending elsewhere in the budget to compensate for these pressures. In the future, there is a significant risk that there will be insufficient controllable budgets left in the Council to mitigate pressures appearing elsewhere. This may mean that reserves held for emergencies instead become relied upon to cover known pressures. If reserves are depleted in this way the Council's funding position will become unsustainable.
- 3.6. Setting the Financial Strategy and agreeing the detailed changes necessary to deliver the agreed budget for the next financial year, will take into account the requirements of the Human Rights Act, any necessary environmental

appraisals and the need for Equalities Impact Needs Assessments and any necessary service user consultation.

4. The Existing 3 year Financial Strategy, 2014-2017

- 4.1. In February 2014, Council agreed a 3 year Financial Strategy which identified a funding shortfall over the 3 year period 2014-17 of £80m and savings proposals to meet the shortfall. The monitoring of achievement of savings proposals and RAG categorisation of savings has been undertaken throughout 2014/15 and continues in 2015/16. On 9 December 2015, Cabinet approved proposals to meet a funding gap in 2016/17 of £33.789m
- 4.2. The projection of a funding gap of £80m over the 3 year period from 2014/15 to 2016/17 was based on the best available information at the time. Since that date, resource and expenditure projections have been revised to take account of new and updated information. Any changes have been reported to Cabinet as part of updated financial strategy reports and for simplicity the original savings envelope of £80m was maintained.
- 4.3. In the 28 October report, it was recognised that the existing financial strategy for 2014-17 would need adjusting in its final year and that the new financial strategy should cover the 5 year period 2016-2021 to provide sufficient time to develop a new sustainable approach for the Council based on the permanent loss of central Government grant funding by 2020/21.
- 4.4. The Sustainable Business Model (SBM), which provides a more sustainable financial basis for the Council over the medium to long term, was described in detail in the 28 October report and updated in the 9 December report.
- 4.5. As a result of the Provisional Local Government Settlement, as described in Section 6 below, the SBM has been reviewed. The Settlement set out resources assumptions for Shropshire Council for the 4 years from 2016/17 to 2019/20. While the projections for year 4 were in line with our previous assumptions, the intervening years demonstrate a front loading of the expected cuts. In addition the Settlement provides no information relating to the impact of local retention of 100% Business Rates. For these reasons it has been decided to remove years 4 and 5 from the SBM and revert to producing a three year strategy for 2016/17 to 2018/19.

5. The Current Financial Year 2015-16

- 5.1. The budget for 2015/16 was agreed by Council on 26 February 2015.
- 5.2. As the 2015/16 financial year progresses, revenue monitoring reports continue to monitor the achievement of 2015/16 savings and highlight any

financial issues for the current year budget and also any ongoing implications. These ongoing implications will be included in the Financial Strategy.

- 5.3. The latest 2015/16 monitoring information will not be provided to Cabinet until 10th February 2016 and, therefore, no further update from Cabinet 9th December 2015 has been built into this report.

6. 2016/17 to 2019/20 Projections of Resources and Expenditure

- 6.1. The Provisional Local Government Settlement was announced on 17 December 2015. This, and other information following the Spending Review announcement on 25 November 2015 has required further work to amend the Council's previous resource and expenditure projections for 2016/17 to 2019/20.
- 6.2. The provisional settlement covers 4 years; the period 2016/17 through to 2019/20. A consultation was launched by DCLG following release of the Provisional Settlement and Shropshire Council made a submission by the deadline of 15th January. A copy of Shropshire Council's response is attached to this report for information at Appendix 4.
- 6.3. Over the period of the settlement, national funding (identified as Core Spending Power) for Councils reduces from £44.5bn to £44.3bn (a reduction of 0.5%). This figure assumes increases in Council Tax, Business Rates and their underlying taxbases, plus some specific grants such as New Homes Bonus and £1.5bn extra for Better Care within the calculation. This has been referred to nationally as a 'Cash Flat' position for Local Government over the Settlement Period. For Shropshire our core spending power calculation has increased by 1.2% over the period.
- 6.4. The implications as set out in paragraph 6.3 above take the 2016/17 financial year as the reference point for further changes. The Settlement Funding for Shropshire, however, has reduced by 15%, resulting in a 31% reduction in Revenue Support Grant between 2015/16 and the start of the settlement period 2016/17. This significantly reduced funding position is the starting point for the following cash flat assumption. The Government arrives at a figure of 1.2% growth in Core Spending for Shropshire by assuming Council Tax will be at increased levels (1.6% growth in taxbase and 3.75% increase in average Band D) and also other grants such as New Homes Bonus (NHB) and Rural Services Delivery Grant (RSDG) are additional funding. The increase in Council Tax and inclusion of NHB and RSDG are being used to mask the reduction in Government Funding and the assumption of a 3.75% Council Tax increase is in stark contrast to the previous offer of Freeze Grant

by Central Government to keep Council Tax increases at zero. We have modelled an increase in Council Tax taxbase of 0.8% per annum, rather than the government's assumption that growth in housebuilding is double that figure (ie 1.6%) every year for the next four years. As part of our response to the Provisional Settlement we have requested the freedom to raise council Tax to the level that would have been achieved had we not accepted the Council Tax Freeze Grant.

- 6.5. Over the four year period the resulting final reduction in net resources proposed appears to be approximately £1m worse than our assumptions. This means that an additional £1m of savings, in addition to delivering our existing strategy will be necessary by 2019/20. The Provisional Settlement proposes a change in the methodology for allocating RSG. Not only does this make the settlement worse for Shropshire and front loads the impact, but as there was no prior communication of this proposed change in methodology it was not possible to plan for it. There is a legal requirement for the Council's budget to be set by the end of February. This is just one reason why it is necessary to hold greater levels of general reserves than in previous years
- 6.6. In the intervening years over the settlement period, the reductions in government funding (specifically Revenue Support Grant) appear to be far more front loaded than assumed in our projections. The modelled 12% reduction in 2016/17 has been provisionally confirmed as 15% in the Settlement. The outcome of this change is in-year reductions in funding of £1.5m in 2016/17, £3m in 2017/18, £1.5m in 2018/19 and then an additional base budget (permanent) reduction of £1m in 2019/20. Following the release of the Provisional Settlement on 17 December a corrected version of the figures was uploaded by DCLG over the Christmas period resulting in the figure for Shropshire for 2019/20 reducing from the originally published figure of £0.1m to £1m as described above. A solution to this change has not yet been identified by the Council. In isolation the front loading of the reductions in RSG requires the delivery of £6m in additional one-off savings over the period (and £1m additional base budget savings by 2019/20). A change in the method of calculating Revenue Support Grant has been implemented within the settlement which appears to disadvantage Shire Counties and Unitaries. The temporary worsening of Shropshire's position, however, is offset to some extent by reported increases in Rural Services Delivery Grant as identified below.
- 6.7. The change to 2016/17 resources of £1.5m came about through a combination of lower Top-Up grant increases (£0.12m) and a 31% reduction in RSG (which was a cut of £1.38m more than we had modelled). The impact of these changes is shown graphically in Chart 1 below.

Chart 1: Variation between projected RSG and Top Up Grant (SBM v Provisional Settlement)



- 6.8. Exemplifications set out within the settlement have identified that Care Act funding that had previously been identified with Department of Health allocations has now been included within restated RSG assumptions. Therefore, to ensure Adult Services do not lose the benefit of this funding, which has been relied upon as base budget funding, it will be necessary to allow for this within the reduced RSG calculation. The impact of this change is that Shropshire Council has to address a further shortfall in funding of £1.911m in 2016/17 and each year after. With other, much smaller, adjustments to RSG, the total impact on Shropshire Council is £1.971m annually, which needs to be met by further savings or additional resource from elsewhere.
- 6.9. The settlement included an exemplification of the Rural Service Delivery Grant that Shropshire Council would receive as a separate grant. This grant is provided to rural authorities to help offset the additional cost of providing services within such an environment. As referred to above, however, for Shropshire the only benefit in receiving this grant is to help offset some of the reductions elsewhere in the settlement. In addition, the identification of this funding as a separate grant, rather than as a basis for national redistribution, means that this grant could be removed at any point in the future resulting in further significant and permanent reductions in our funding and consequent implications for service delivery. The value of this grant over the Spending Review period is shown in the table below.

Table 1: Rural Services Delivery Grant

	2016/17 (£'000)	2017/18 (£'000)	2018/19 (£'000)	2019/20 (£'000)
Rural Services Delivery Grant Provisional Amount	1,633	2,858	4,083	5,308

- 6.10. It is proposed to allocate all £1.633m of RSDG in 2016/17 to partially offset the reduction in RSG referred to in paragraph 6.8 and also allocate a one-off contribution from New Homes Bonus for the balance. In 2017/18 it will be possible to increase the allocation from RSDG to the full £1.971m, providing a base budget solution (assuming, of course, that RSDG is maintained into the future).
- 6.11. The Provisional Settlement provided no further details about the proposed move to 100% local retention of Business Rates. The settlement figures have been produced on the existing model with no reference to the potential changes in resources this move could deliver. The impact of locally retained business rates will include new burdens on local authorities and there is no clarity on whether this will improve or diminish Shropshire's financial position. Previous changes, for example localisation of Council Tax Support, were accompanied by an explicit 10% reduction in funding at the point of transfer. As part of our Provisional Settlement Consultation response, we have requested further clarity on the impact of localised business rate retention.
- 6.12. Despite the announcements in the Chancellor's statements as recently as 25 November encompassing changes to the Living Wage, the Apprenticeships Levy and National Insurance Employers Contributions (which together cost Shropshire Council £6.5m over the 4 year settlement period as provided to Cabinet on 9 December 2015), no financial assistance towards the cost of these has been provided within the settlement. As the headline calculation favoured by government is 'Core Spending Power' this, specifically, does not take account of cost pressures and does not reflect this added financial burden. It is also worth emphasising that even in a cash flat situation, there is no allowance for inflation and growth and therefore every additional pound in expenditure caused by underlying inflation, pay awards, contract increases or increasing demand has to be matched by an equivalent reduction in expenditure elsewhere in the Council.
- 6.13. Aside from reductions in RSG being exemplified within the settlement, there is no mention of the impact of Business Rate Revaluation (timetabled for

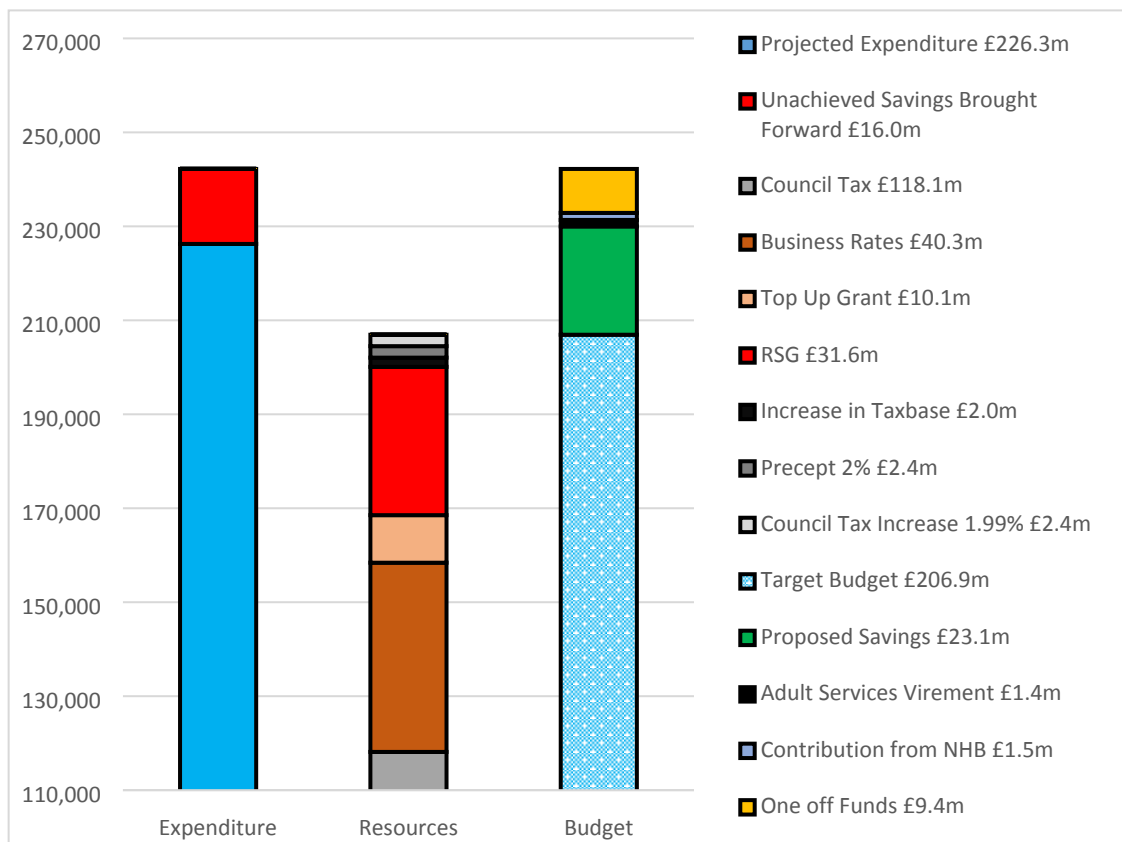
2017), the impact of Better Care Funding (aside from financial exemplifications), the impact of changes to New Homes Bonus or any clarification on New Burdens on local government over the settlement period.

- 6.14. The ability for Shropshire Council to precept an additional 2% of the Council Tax for Adult Social Care (to generate £2bn nationally) is welcomed, but does not take into account the assessment of need in Shropshire, the lower starting point Shropshire has in terms of taxbase funding, the historic low starting base for Adults Services Budget in Shropshire, nor the impact of growing costs in other areas such as Children's Social Care. In reality the benefit of the increased precept is all but taken away by the new methodology for the redistribution of spending allocations (as already described) which also takes into account the value of resources that can be raised locally – including the additional precept revenues. A 2% precept will generate approximately £2.4m in 2016/17 compared to estimated growth pressures in the Adult Services budget of c£9m. Our response to the Provisional Settlement Consultation has requested that Better Care Funding is brought forward to help manage this position. At the present time the value of the promised £1.5bn funding applied nationally in Shropshire is zero in 2016/17, £0.2m in 2017/18 and £4.3m in 2018/19.
- 6.15. As savings plans for 2017/18 and 2018/19 are being considered, there is a requirement to review the initial growth built into the financial strategy for services. As those services are redesigned to ensure future reductions in funding are taken into account, so the future growth projection will need revising and reducing. The work undertaken to date has meant a reduction in growth assumptions of £4.143m over 2017/18 and 2018/19. Building this reduction in growth into our projections will reduce the funding shortfall by £4.143 by 2018/19. In addition, the impact of the front loading of RSG is lessened by Year 3 of the provisional settlement, leading to a combined reduction in the funding gap of £5.3m. While this changes our projections, it does not change the fact that a funding gap of almost £8m remains in 2018/19 after the impact of front loaded reductions in 2016/17 and 2017/18. It is important to note that the projections for growth going forward will need refining as we close 2015/16 accounts, monitor throughout 2016/17 and develop future years plans.
- 6.16. The detailed Resource and Expenditure Projections for Shropshire Council are attached at Appendices 1 and 2 respectively.

7. 2016/17 Budget – Approach to Delivering a Balanced Budget

- 7.1. The report to Cabinet on 9 December set out the basis for delivering a balanced budget in 2016/17. This involved the delivery of £23.051m base budget savings, a virement of £1.382m to Adult Services and use of one-off resources of £9.804m.
- 7.2. Revisions to the funding gap as set out in section 6 above have resulted in a number of changes being required. In summary:
- Total net resources for Shropshire Council for 2016/17 are now estimated to be £206.93m; this is £1.497m less (in-year) than the figure provided to Cabinet on 9 December 2015.
 - A one-off contribution from New Homes Bonus of £1.497m is necessary in 2016/17 to offset this front loaded reduction to RSG.
 - A base budget contribution from Rural Services Delivery Grant of £1.633m in 2016/17 rising to £1.971m in 2017/18 will be built in to our funding assumptions to offset the changes to Care Act funding (and the impact on Adult Services) and other permanent reductions as a result of changes in methodology for RSG calculation.
 - A one-off contribution from New Homes Bonus of £0.338m is necessary in 2016/17 to offset the shortfall in RSDG to meet the £1.971m reduction referred to in the bullet point above.
- 7.3. Details will continue to be worked through over the following weeks with a view to considering any further updates from the Government and the impact of the Final Settlement, before the 2016/17 budget is formally set by Council on 25 February 2016.
- 7.4. The Collection Fund position is due to be considered by Cabinet on 10th February 2016. In 2014/15 the report identified a net surplus (across Council Tax and Business Rates) of £3.2m. Until the calculation is completed it is not possible to identify if any net surplus will be delivered this year. Should a surplus of any kind be delivered this would improve our short term position, although the funding would be one-off. Similarly, an overall deficit would provide a one-off pressure to be managed.
- 7.5. The current plan to deliver a balanced budget in 2016/17 is set out graphically in Chart 2 below.

Chart 2: Delivery of the 2016/17 Budget



8. 2017/18 to 2018/19 – Medium Term Strategy

8.1. The resource and expenditure projections and the current savings gap identified for future years is shown below:

Table 2: Resources and Expenditure and Savings Gap 2017/18 to 2019/20

	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20
	09/12/2015	27/01/2016	09/12/2015	27/01/2016	09/12/2015	27/01/2016	09/12/2015	27/01/2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Resources	567,053	567,514	569,732	570,169	572,224	571,933	575,899	577,210
Expenditure	584,882	588,810	598,323	603,329	614,006	612,999	626,935	626,915
Funding Gap	-17,828	-21,296	-28,591	-33,160	-41,781	-41,066	-51,036	-49,705
Year on Year Saving	0	0	-10,763	-11,864	-13,190	-7,906	-9,255	-8,639

8.2. In 2016/17, £9.357m of one off resources were used to balance the budget which need to be added to the funding gap in 2017/18. This increases the funding gap in 2017/18 to £21.221m

8.3. On 9 December it was reported that further work was being undertaken to identify savings against these targets for future years. The focus of this work, however, changes significantly under the Sustainable Business Model.

Rather than considering savings targets as described in the table above, the SBM identifies available budget into the future, describes how it is likely to change and then fits service provision (along with its expected pressures and growth) within this long term funding envelope.

- 8.4. The overall implications for Shropshire Council's budget for 2017/18 and 2018/19 have been provisionally worked through following release of the Provisional Settlement on 17 December 2015. In addition, existing plans for service delivery within the Sustainable Business Model have been taken forward by Directors and Portfolio Holders.
- 8.5. Following the changes exemplified in the Provisional Settlement, the delivery of the 2017/18 budget looks to be more difficult and to have greater implications than even our 'worst case scenario' plans had originally envisaged. The following approach considers our options after factoring in a 3.99% Council Tax increase each year over the financial strategy.
- 8.6. Council resources in 2017/18 are estimated to be £205.366m with current expenditure estimated to be £226.587m (after allowing for growth and the impact of unachieved savings covered by one-off funding in 2016/17). This leaves a funding gap of £21.221m. It is notable that this funding gap has been arrived at after allowing for a reduction in RSG of £2.993m (as a result of front loading of the provisional settlement reductions), which is being managed by a one-off contribution from New Homes Bonus of £2.993m.
- 8.7. A series of savings proposals have been put forward and RAG rated to identify those that we are confident can be delivered (to different degrees – Amber and Green) and those savings that would be necessary to balance the budget, but may not be deliverable from a service point of view.
- 8.8. A total of £14.884m of Red rated savings have been identified, all of which, to lesser or greater degrees would have extremely significant impact on current or future service delivery, may not be controllable, or are not yet robust enough to be considered achievable. Nevertheless, they represent an approach to managing within our estimated funding envelope for 2017/18.
- 8.9. From a planning point of view, if all Green and Amber rated savings are delivered for 2017/18, the remaining funding gap would fall to £11.3m leaving a small balance of £3.583 of Red rated savings that could be avoided.
- 8.10. In addition, a strategic review of all earmarked reserves and one-off resources is being undertaken to identify if the phasing of delivery of savings can be put in place. While this would not change the delivery of the savings proposals identified within this report, it may provide a longer timeframe for

delivery. This review would include the impact of the Collection Fund as identified in paragraph 7.4.

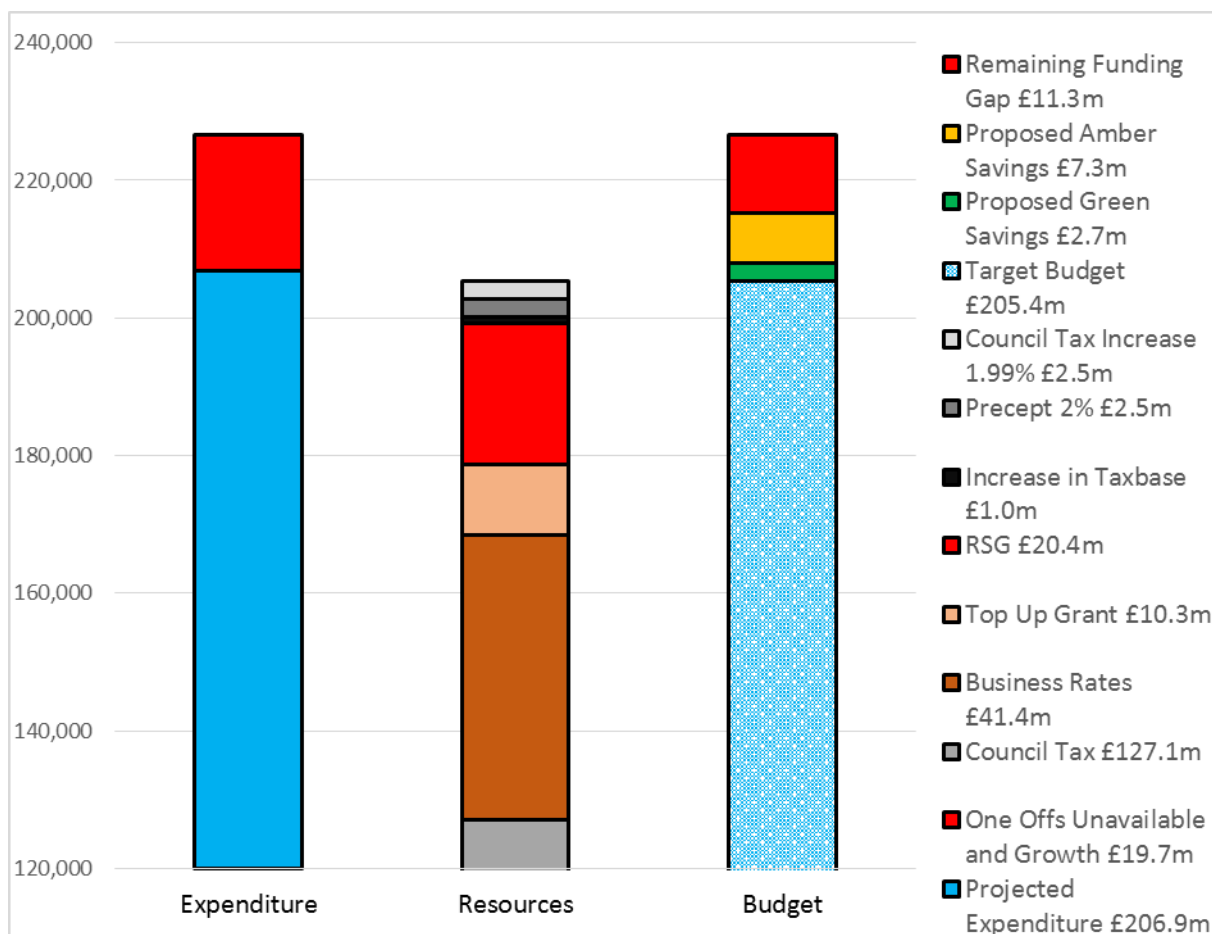
8.11. The above approach is summarised in the table below.

Table 3: Delivery of the 2017/18 Budget

	2017/18 Position (£'000)
Funding Gap	21,221
Green Rated Savings Proposals	2,654
Amber Rated Savings Proposals	7,266
Remaining Funding Gap (after delivery of Green and Amber savings proposals)	11,301
Red Rated Savings Proposals Identified	14,884
Less Remaining Funding Gap	11,301
Red Rated Savings that can be avoided	3,583

8.12. The impact on the 2017/18 financial year is shown graphically below.

Chart 3: Delivery of the 2017/18 Budget



8.13. Details of the savings proposals being considered are identified in Appendix 3 attached to this report. The Appendix identifies all Green and Amber rated savings proposals by Directorate and then shows all Red rated together on a separate sheet. All proposals for 2017/18 and 2018/19 are shown within the Appendix, although the focus for this report is the 2017/18 financial year. A further £8.54m of savings are currently identified for 2018/19 against a funding gap of £7.91m. The size of this gap, however, is dependent upon the level of savings achieved in 2017/18 and will need to be revisited.

9. The Big Conversation

9.1. The Big Conversation was described in the 28 October Cabinet Report and was formally launched on the same date. An online survey was launched on the 17th November 2015 and initial response reported to Cabinet on 9 December.

- 9.2. The survey closed on the 6 January 2016. Further work is taking place on detailed qualitative and quantitative analysis of the survey. Focus groups have been held in mid and late January to consider specific issues from the survey in more detail, and action focused stakeholder workshops will be run in February. A final report will be shared by the end of March 2016.
- 9.3. The following sets out the high-level results of the survey stage of the Big Conversation.
- 9.4. A total of 2,271 survey responses were received.
- 84% of respondents identified themselves as residents of Shropshire
 - 14% identified themselves as Council Staff
 - 10% identified themselves as local interest, community or faith groups
 - 9% identified themselves as businesses
- 9.5. There remains a good spread across geography and demography, although some age ranges and localities have % return rates that differ to the census data breakdowns. The 16-44 age group and 75+ age group has slight under-representation. [There was over representation in the 55 to 64 age group and the 65 to 74 age group.]
- 16% of respondents were family (informal) carers
- 9.6. The pattern of perceived importance of surveys has remained the same as it did for the data at weeks 1 and 3 (ranked from 1 as most important):
1. Vulnerable Children
 2. Education
 3. Older people and vulnerable adults
 4. Environment
 5. Transport
 6. Employment
 7. Leisure
 8. Housing
 9. Health
 10. Running the Council
 11. Safety
 12. Births, deaths and marriages
- 9.7. Vulnerable Children (17) was viewed as twice as important as Employment (c8.5). Education rated as 16, Older people and vulnerable adults rated as 15.5, Environment 11 and Transport 10. Leisure and Housing both achieved 6, Health c5.75, Running the Council 2, and Safety and Births Deaths and Marriages between 1.75 and 2.

- 9.8. 77% respondents agree that the Council should combine services with other Council's and Public Sector organisations.
 53% agree with investing in IT to reduce staff costs
 62% agree that some services should be protected and others cut back to make savings
 61% agree to some extent that the Council should make more use of local residents and volunteers
 71% of respondents agree that communities should be enabled to do more for themselves
 32% of respondents are willing or very willing to contribute through participation or volunteering. Only 15% stated they were not willing to do so.
- 9.9. More than 55% of respondents agree that fees should be increased so that the costs of some services are largely paid for by the direct user. (result may be 61% - this is being checked with Pye Tait)
- 9.10. 49% of respondents agreed with raising Council Tax compared to 34% who disagreed. 15% of respondents identified that they neither agreed nor disagreed with increasing Council Tax.
- 9.11. 30% of respondents to the survey stated that they would like to be involved in further engagement through focus groups and workshops during January and February 2016.
- 9.12. This information will now be taken forward and used to help consider the delivery of future financial strategy proposals.
- 9.13. Following the approval of the Financial Strategy report of 9th December 2015, formal consultation on the budget has been undertaken and the results of this will be reported as part of the formal budget approval to Council on 25th February 2016.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Financial Strategy 2015/16 – 2020/21 – Cabinet 28th October 2015
 Financial Strategy 2015/16 – 2020/21 – Cabinet 9th December 2015

Cabinet Member (Portfolio Holder)

Malcolm Pate

Local Member

All

Appendices

Appendix 1 – Resource Projections

Appendix 2 – Expenditure Projections

Appendix 3 – Service Delivery Proposals 2017/18 to 2018/19

Appendix 4 – Provisional Settlement Consultation Response

SHROPSHIRE COUNCIL - NET AND GROSS RESOURCES PROJECTIONS SUMMARY 2016/17 to 2019/20

APPENDIX 1

	2015/16 Final £ Council 26 February 2015	2016/17 Revised £ Cabinet 9 December 15	2016/17 Revised £ Cabinet 27 January 2016	2015/16 & Beyond Notes & Assumptions	2017/18 Revised £ Cabinet 9 December 15	2017/18 Revised £ Cabinet 27 January 2016	2018/19 £ Cabinet 9 December 15	2018/19 Revised £ Cabinet 27 January 2016	2019/20 £ Cabinet 9 December 15	2019/20 Revised £ Cabinet 27 January 2016
RSG	43,760,146	32,945,604	31,565,931	2015/16 Final Settlement. 2016/17 and future years based on Provisional Settlement 17 December 2015	23,317,528	20,447,511	14,731,330	13,301,166	7,059,713	6,119,050
Business Rates Retention Allocation:										
NNDR (as raised and then retained locally) including appeals provision	39,166,165	40,269,084	40,269,084	NNDR1 2015-16 figure. Growth going forward of 0.8% and Multiplier increase of 2%	41,403,062	41,403,062	42,568,972	42,568,972	43,767,714	43,767,714
Top Up	10,036,372	10,237,099	10,119,908	2015/16 Final Settlement. 2016/17 and future years based on Provisional Settlement 17 December 2015	10,441,841	10,318,949	10,650,678	10,623,367	10,863,692	10,962,908
Safety Net Payments										
Prior year adjustments (e.g. correction to safety net payments)										
TOTAL START UP FUNDING RECEIPT:	92,962,683	83,451,788	81,954,923		75,162,431	72,169,522	67,950,980	66,493,505	61,691,119	60,849,672
			(1,496,864)			(2,992,910)		(1,457,475)		(841,447)
Return of amounts topsliced from RSG/BRRA Allocation										
Share of £2bn unused New Homes Bonus topslice	394,940	0	0	Final Local Government Finance Settlement This may be an in year bonus. More information required						
Share of returned damping (unused safety net held back)										
TOTAL FUNDING FROM CENTRAL/LOCAL SHARE	93,357,623	83,451,788	81,954,923		75,162,431	72,169,522	67,950,980	66,493,505	61,691,119	60,849,672
<i>Movement on previous year's funding</i>										
Taxbase	102,411	104,912	104,912	Actual taxbase for 2015/16 and 2016/17. Increase in Council Tax Taxbase assumed for 2017/18 and future years increased to 0.5% from 0.8%	105,752	105,752	106,598	106,598	107,451	107,451
Council Tax Income	119,280,524	127,068,947	127,068,947	Council tax increase of 3.99% 2016/17 and future years	133,196,482	133,196,482	139,618,587	139,618,587	146,350,900	146,350,900
Collection Fund Surplus- Council Tax	4,138,464	500,000	500,000	Based on Previous years	500,000	500,000	500,000	500,000	500,000	500,000
Business Rates Collection fund	(934,051)	(2,594,000)	(2,594,000)	Based on previous years	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
TOTAL NET RESOURCES -2014-15 onwards	215,842,560	208,426,734	206,929,870		208,358,913	205,366,003	207,569,567	206,112,092	208,042,019	207,200,572
Difference from last Strategy			(1,496,864)			(2,992,910)		(1,457,475)		(841,447)

	2015/16 Revised Council 26 February 2015	2016/17 Revised £ Cabinet 9 December 15	2016/17 Revised £ Cabinet 27 January 2016	2014/15 Notes & Assumptions	2017/18 Revised £ Cabinet 9 December 15	2017/18 Revised £ Cabinet 27 January 2016	2018/19 £ Cabinet 9 December 15	2018/19 Revised £ Cabinet 27 January 2016	2019/20 £ Cabinet 9 December 15	2019/20 Revised £ Cabinet 27 January 2016
GOVERNMENT GRANTS	253,747,100	253,005,810	254,963,703	Latest Information on Specific Grants	252,726,720	256,156,169	252,726,720	253,893,036	252,726,720	254,879,057
OTHER GRANTS & CONTRIBUTIONS	32,225,880	26,511,470	26,511,470	Revised in line with Growth projections	26,511,470	26,511,470	26,511,470	26,511,470	26,511,470	26,511,470
FEES & CHARGES	56,100,805	60,646,769	60,646,769	Revised for 2015/16 then left unchanged apart from transfer to other grants and contributions	63,672,593	63,672,593	66,954,155	66,954,155	70,156,415	70,156,415
INTERNAL MARKET & INTERNAL RECHARGES										
Internal Recharges only	18,462,465	18,462,465	18,462,465	Revised for 2015/16 then left unchanged	18,462,465	18,462,465	18,462,465	18,462,465	18,462,465	18,462,465
Total Income outside of Net	360,536,250	358,626,514	360,584,407		361,373,248	364,802,697	364,654,810	365,821,126	367,857,070	370,009,407
TOTAL GROSS RESOURCES - 2013-14 onwards, after income Savings	576,378,810	567,053,248	567,514,276		569,732,161	570,168,701	572,224,377	571,933,218	575,899,089	577,209,979

SHROPSHIRE COUNCIL - FINANCIAL SUMMARY 2015/16 to 2017/18							APPENDIX 2		
	2015/16 26 Feb 2015 £	2016/17 09 December 2015 £	2016/17 27 January 2016 £	2017/18 09 December 2015 £	2017/18 27 January 2016 £	2018/19 09 December 2015 £	2018/19 27 January 2016 £	2019/20 09 December 2015 £	2019/20 27 January 2016 £
Expenditure									
Original Gross Budget Requirement	561,250,666	576,378,810	576,378,810	584,881,655	588,810,418	598,323,408	603,329,113	614,005,667	612,999,416
Monitoring Issues identified in 2014/15 with ongoing implications									
- Asset Sales - Removal of income stream	50,000								
Inflation - Estimated									
- Prices	2,796,947	5,006,995	5,006,995	2,806,350	2,411,736	6,344,415	2,595,592	3,109,939	3,109,939
- Pay 1% award	710,957	1,991,292	1,991,292	1,597,392	1,597,392	1,613,332	1,613,332	1,367,738	1,367,738
- Pay Increment	872,769	included above							
- Pension Costs - see NHB below and Savings									
- Auto Enrolment (impacts 2017/18)-To Be Estimated									
- NI Changes		2,000,000	2,000,000						
- Apprenticeships		500,000	500,000						
- Minimum Wage impact		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Committed Growth									
- Debt Charges (Reduced as part of Savings)	1,000,000	1,000,000	1,000,000						
New Growth									
- Demography for Adults and Children		10,696,575	10,696,575	6,232,765	6,232,765	6,724,512	6,724,512	7,452,146	7,452,146
- Demography: Adults	1,758,000								
- Demography: Childrens services	1,183,000								
New Pressure- Transfer of Grants into Settlement Funding - Care Act 2014 and Lead Flood			1,970,870						
New Service Pressures									
New Investment funding- One year only	(2,000,000)								
Repaying for borrowing for Redundancies									
Care Act implications									
Changes to Expenditure Reflected in Resources									
Specific Grant Changes from Previous Year Including New Responsibilities	6,277,870	(6,455,700)	(4,497,807)	(279,090)	1,192,466		-2,263,133		986,021
Income Changes									
Benefits (assume at same level as reduction in Resources)									
Change in Ctax Tax base and NNDR allocated to demographic growth	3,194,709	8,350	8,350	8,392	8,392				
Council tax freeze Grant rolled in to base funding (see Above change in specific grants)	1,307,360	-1,307,360.00	-1,307,360						
Use of NHB Smoothing - see Pension Costs above	(1,609,000)	715,000	715,000						
Spare Pension budget used to offset unachievable savings		876,000	876,000						
Reallocation of Business Rates Appeals Base Budget	(2,277,816)								
Additional Contribution to offset Delay in Savings Achievement	2,277,816								
The adjustmenst below allow one off Resources to be included in the base in one year and removed in the following year. Use of one off resources in 2015/16 was detailed in the 26 February 2015 Council Report.									
Contributions to Savings for changes in Projections									
- Net Growth Change	2,167,600	(3,749,700)	-3,749,700						
- Net Resources Change-14/15 one year only	(2,454,351)								
- Net Resources Change-15/16 one year only	(170,339)	170,339	170,339						
Surplus Settlement funding - one off	1,000,841	(1,086,048)	(1,086,048)	(1,704)	-1,704				
Surplus Collection fund - One off, allocation below	3,204,413	(3,204,413)	(3,204,413)						
Allocate to keep gap at £80m	(478,928)	284,425	284,425	194,503	194,503				
Adjustment to Resource Projection - RSG, 2015/16 only		2,151,090	2,151,090	(210,855)	-210,855				
Adjustment to Business rates Collection Fund		(2,094,000)	-2,094,000	2,094,000	2,094,000				
Gross Budget Requirement (Including Internal Recharges) Before Saving	580,062,514	584,881,655	588,810,418	598,323,408	603,329,113	614,005,667	612,999,416	626,935,490	626,915,260
Changes in Gross in 2014/15	16,452,665								
2015/16 Savings from Base Budget	-20,136,369								
Gross Budget Requirement (Excluding Internal Market)	576,378,810	584,881,655	588,810,418	598,323,408	603,329,113	614,005,667	612,999,416	626,935,490	626,915,260

Directorate	2016/17 Budget (Net Revised) (£)	Estimated Growth (£)	2017/18 Savings Proposal (£)	2017/18 Budget (Net Projected) (£)	Estimated Growth (£)	Savings Proposal (£)	2018/19 Budget (Net Projected) (£)
Net Budget:							
Adult Services	64,821,187	4,176,651	0	68,997,838	5,250,286	0	74,248,124
Adult Services (Red Ragged)	11,853,076	706,532	-4,023,866	8,535,743	0	0	8,535,743
Total Adult Services	76,674,263	4,883,183	-4,023,866	77,533,581	5,250,286	0	82,783,867
Children's Services	36,970,167	580,334	-3,757,530	33,792,971	384,634	-409,245	33,768,360
Children's Services (Red Ragged)	7,351,375	148,348	-2,104,543	5,395,180	405,192	-2,413,623	3,386,749
Total Children's Services	44,321,542	728,682	-5,862,073	39,188,151	789,826	-2,822,868	37,155,109
Commissioning Services	56,177,540	908,770	-3,928,010	43,474,450	1,049,590	-555,000	43,969,040
Commissioning Services (Red Ragged)	6,269,180	55,640	-6,725,640	9,283,030	30,500	-3,813,680	5,499,850
Total Commissioning Services	62,446,720	964,410	-10,653,650	52,757,480	1,080,090	-4,368,680	49,468,890
Total Public Health Services	1,223,122	55,587	-228,849	1,049,860	18,714	-250,848	817,726
Resources & Support	-1,903,960	12,541,978	-2,005,591	8,632,428	1,060,527	-7,724	9,685,231
Resources & Support (Red Ragged)	24,168,183	483,364	-2,030,000	22,621,546	452,431	-1,090,000	21,983,977
Total Resources & Support	22,264,223	13,025,342	-4,035,591	31,253,974	1,512,958	-1,097,724	31,669,208
Total Shropshire Council (Net)	206,929,870	19,657,204	-24,804,029	201,783,045	8,651,874	-8,540,120	201,894,799
Resources:							
Adults	76,574,828			81,455,371			86,674,637
Children's	40,142,729			38,442,000			36,408,958
Commissioning	55,352,695			52,777,711			49,492,123
Public Health	1,252,418			1,049,860			817,727
Resources & Support	33,607,199			31,641,060			32,718,648
Total	206,929,870			205,366,003			206,112,092
Variance:							
Adults	99,435			-3,921,791			-3,890,770
Children's	4,178,812			746,150			746,151
Commissioning	7,094,025			-20,231			-23,233
Public Health	-29,296			0			-1
Resources & Support	-11,342,976			-387,086			-1,049,440
Total	0			-3,582,958			-4,217,293
			2017/18				2018/19
			Green Savings	-2,653,545			1,535,434
			Amber Savings	-7,266,435			-2,758,251
			Red Savings	-14,884,049			-7,317,303
			Total Savings	-24,804,029			-8,540,120
		Funding Gap	21,221,071				7,905,785
		Less Green Savings	-2,653,545				1,535,434
		Less Amber Savings	-7,266,435				-2,758,251
		Funding Gap (after delivery of Green and Amber proposals)	11,301,091				6,682,968

Appendix 3

Adult Services - Green and Amber rated proposals			2016/17 Budget (Net Revised) (£)	Estimated Growth (£)	2017/18 Savings Proposal (£)	2017/18 Budget (Net Projected) (£)	Estimated Growth (£)	Savings Proposal (£)	2018/19 Budget (Net Projected) (£)	Commentary
Ref	Directorate/Portfolio	Council Function								
A01	Adult Services / Lee Chapman	Adult Safeguarding	346,840	5,700		352,540	5,790		358,330	
A02	Adult Services / Lee Chapman	Core Purchasing (Contracts) + Other Purchasing (Rents, Transport & Equipment)	44,270,981	3,646,160		47,917,142	3,942,813		51,859,955	
A03	Adult Services / Lee Chapman	Health purchasing (Contracts & Staff)	Proposed savings for 2017/18 RAG rated as Red			7,299,450	629,333		7,928,782	
A04	Adult Services / Lee Chapman	Mental Health Purchasing (Contracts) + Other Care Purchasing Mental Health (Rents, Transport)	1,758,375	159,980		1,918,354	172,526		2,090,880	
A05	Adult Services / Lee Chapman	OP Carers Contracts	337,071	13,903		350,974	14,176		365,150	
A06	Adult Services / Lee Chapman	Client Property Team and Agreements & Contracts	490,718	9,947		500,665	10,074		510,739	
A07	Adult Services / Lee Chapman	DOLS	250,454	4,240		254,694	4,447		259,141	
A08	Adult Services / Lee Chapman	EDT	363,337	5,279		368,616	5,381		373,997	
A09	Adult Services / Lee Chapman	ELD Preventative Services - mandatory and high priority to support prevention services. Requirement of the Care Act.	1,841,242	52,506		1,893,748	53,720		1,947,468	
A10	Adult Services / Lee Chapman	Core purchasing (Staff)	4,040,394	66,693		4,107,088	67,800		4,174,888	
A11	Adult Services / Lee Chapman	Mental Health Purchasing (Staff)	1,455,467	28,662		1,484,129	29,830		1,513,959	
A12	Adult Services / Lee Chapman	Positive Steps Shared Lives Contract	118,540	990		119,529	1,000		120,529	
A13	Adult Services / Lee Chapman	Housing Options	1,403,033	26,112		1,429,145	26,816		1,455,961	
A14	Adult Services / Lee Chapman	Projects (Care Act and Better Care Fund Related Activities)	0	0		0	0		0	
A15	Adult Services / Lee Chapman	Kempsfield	650,260	26,268		676,529	27,316		703,845	
A16	Adult Services / Lee Chapman	Substance Misuse	219,244	15,256		234,500	15,847		250,347	
A17	Adult Services / Lee Chapman	Day Services - 15 day services remaining.	3,073,994	43,544		3,117,538	44,493		3,162,031	
A18	Adult Services / Lee Chapman	Four Rivers Nursing Home	704,760	16,488		721,247	16,794		738,042	
A19	Adult Services / Lee Chapman	CM2000 System costs	-8,548	789		-7,759	797		-6,962	
A20	Adult Services / Lee Chapman	Crowmoor TUPE Supplement	120,278	5,998		126,276	6,058		132,334	
A21	Adult Services / Lee Chapman	Adult Management: Director of Adults plus two heads of service	1,850,048	18,976		1,869,024	19,182		1,888,207	
A22	Adult Services / Lee Chapman	Adult Management: Senior Managers and development support roles	552,220	9,414		561,634	9,614		571,248	
A23	Adult Services / Lee Chapman	Community Services Training and Welfare to work	855,660	17,090		872,750	17,719		890,470	
A24	Adult Services / Lee Chapman	Professional Development Unit	126,818	2,655		129,473	2,707		132,180	
A25	Adult Services / Lee Chapman	Housing Initiatives	Proposed savings for 2017/18 RAG rated as Red			1,236,293	126,054		1,362,347	
Total			64,821,187	4,176,651	0	77,533,581	5,250,286	0	82,783,867	
		Green ranked savings are deliverable with minimal impact		Green Savings	0		Green Savings	0		
		Amber ranked savings would not be recommended from a service delivery point of view but are considered achievable		Amber Savings	0		Amber Savings	0		
		Total Savings		Total Savings	0		Total Savings	0		

Appendix 3

Children's Services - Green and Amber rated proposals			2016/17 Budget (Net Revised) (£)	Estimated Growth (£)	2017/18 Savings Proposal (£)	2017/18 Budget (Net Projected) (£)	Estimated Growth (£)	Savings Proposal (£)	2018/19 Budget (Net Projected) (£)	Commentary
Ref	Directorate/Portfolio	Council Function								
C01	Children's - Learning & Skills / David Minnery	Education Access and Equality	180,629	3,826	-150,000	34,456	3,815	0	38,271	School attendance monitoring function placed at risk
C02	Children's - Learning & Skills / David Minnery	Education Improvement (including Early Years)	426,131	8,966	-200,000	235,096	8,851	-8,851	235,096	Reduced provision available to support high quality educational outcomes, could impact on the outcomes for children and on the LAs capacity to support improvement
C03	Children's - Learning & Skills / David Minnery	Home to School Transport (including SEN Transport)	10,564,458	268,639	-583,016	10,250,081	275,355	-287,500	10,237,936	Further efficiencies are reliant on full implementation of personalisation policy, and fuel costs.
C04	Children's - Learning & Skills / David Minnery	Shrewsbury Training and Development Centre	1,828	0	0	1,828	0	0	1,828	
C05	Children's - Learning & Skills / David Minnery	Teachers Voluntary Early Retirement (VER) Costs	2,190,114	0	0	2,190,114	0	0	2,190,114	
C06	Children's - Learning & Skills / David Minnery	Learning & Skills Business Support (Including contribution to Corporate recharges)	377,572	6,792	-150,000	234,364	6,936	-70,345	170,955	Significant reduction of non-controllable support service cost. Should happen as Directorate shrinks but no control of values.
C07	Children's - Learning & Skills / David Minnery	School Governor Services	-18,408	0	0	-18,408	-2,662	0	-21,071	
C08	Children's - Learning & Skills / David Minnery	Information Advice and Guidance	361,750	39	-280,000	81,789	217	0	82,006	The team would reduce significantly and would not be able to provide information advice and guidance across Shropshire. This could impact on the progression of young people, and the number of young people who are not in education employment or training
C09	Children's - Learning & Skills / David Minnery	LETS	0	0	0	0	0	0	0	LETS Externalised - assumed no costs
C10	Children's - Learning & Skills / David Minnery	School's Library Service	0	0	0	0	0	0	0	
C11	Children's - Learning & Skills / David Minnery	Music Services	0	0	0	0	0	0	0	
C12	Children's - Safeguarding / David Minnery	Initial Contact Team (part of Compass Team)	383,959	6,476	0	390,435	6,544	0	396,980	
C13	Children's - Safeguarding / David Minnery	Looked After Children (LAC) - External Residential Placements	6,710,479	68,731	-880,160	Savings proposed for 2018/19 are RAG rated RED				Dependant upon the needs of children and young people who need to be in the care of the Local Authority.
C14	Children's - Safeguarding / David Minnery	Children with Disabilities	3,105,481	52,610	-170,000	Savings proposed for 2018/19 are RAG rated RED				Recommissioning provision to deliver in different way.
C15	Children's - Safeguarding / David Minnery	Shropshire Safeguarding Children Board (SSCB)	120,974	0	0	120,974	0	0	120,974	
C16	Children's - Safeguarding / David Minnery	Independent Review Unit	611,208	10,146	0	621,354	10,254	0	631,608	
C17	Children's - Safeguarding / David Minnery	Commissioned Prevention and Support (including CAMHS and Young Carers Contract)	359,003	8,604	0	367,608	8,779	0	376,387	
C18	Children's - Safeguarding / David Minnery	Adoption Service	759,513	9,793	0	769,305	9,945	0	779,251	
C19	Children's - Safeguarding / David Minnery	Foster Care Service - Fostering Placements	5,079,274	36,641	-107,340	Savings proposed for 2018/19 are RAG rated RED				Savings achieved through best value.
C20	Children's - Safeguarding / David Minnery	Foster Care Service - Fostering Social Work Team	731,655	0	0	731,655	0	0	731,655	
C22	Children's - Safeguarding / David Minnery	Leaving Care Team	1,376,585	22,283	-213,880	Savings proposed for 2018/19 are RAG rated RED				Providing Leaving Care support is a statutory function and focus of Ofsted inspection. Some savings have already been identified as deliverable.
C23	Children's - Safeguarding / David Minnery	Looked After Children (LAC) Education	117,857	6,069	0	123,926	6,130	0	130,055	
C24	Children's - Safeguarding / David Minnery	Youth Offending Service	232,610	2,808	0	235,418	2,836	0	238,254	
C25	Children's - Safeguarding / David Minnery	Children's Centres	2,249,334	42,371	-1,000,000	Savings proposed for 2018/19 are RAG rated RED				Early Help services prevents children wherever possible receiving children's social care interventions. Schools and other stakeholders will face pressure to meet demand.
C26	Children's - Safeguarding / David Minnery	Supported Housing Project	56,368	487	0	56,855	569	0	57,424	
C27	Children's - Safeguarding / David Minnery	Strengthening Families	33,774	337	0	34,112	341	0	34,453	
C28	Children's - Safeguarding / David Minnery	Learning and Development Team	211,869	4,290	0	216,159	4,352	0	220,510	
C29	Children's - Safeguarding / David Minnery	Other Unachieved savings carried forward	746,150	20,426	-23,134	743,442	42,370	-42,549	743,263	Review of unachieved savings and external funding to be completed.
Total			36,970,167	580,334	-3,757,530	17,420,562	384,634	-409,245	17,395,951	
Green ranked savings are deliverable with minimal impact				Green Savings	-1,157,500		Green Savings	0		
Amber ranked savings would not be recommended from a service delivery point of view but are considered achievable				Amber Savings	-2,600,030		Amber Savings	-409,245		
Total Savings					-3,757,530		Total Savings	-409,245		

Appendix 3

Commissioning Services - Green and Amber rated proposals		2016/17 Budget (Net Revised) (£)	Estimated Growth (£)	2017/18 Savings Proposal (£)	2017/18 Budget (Net Projected) (£)	Estimated Growth (£)	Savings Proposal (£)	2018/19 Budget (Net Projected) (£)	Commentary
Ref	Directorate/Portfolio	Council Function							
M01	Commissioning - Planning, Regulatory Services and Environment / Mal Price	27,696,910	622,690	-2,250,000	26,069,600	756,240	0	26,825,840	Collection service redesign / contract renegotiation
M02	Commissioning - Highways and Transportation / Simon Jones	3,638,610	85,750	0	3,724,360	87,890	0	3,812,250	
M03	Commissioning - Highways and Transportation / Simon Jones	9,683,850	0	0	Savings proposed for 2018/19 are RAG rated RED				
M04	Commissioning - Planning, Regulatory Services and Environment / Mal Price	120,410	2,410	0	122,820	2,460	0	125,280	
M05	Commissioning - Planning, Regulatory Services and Environment / Mal Price	4,342,040	101,500	-280,000	4,163,540	101,500	-205,000	4,060,040	Redesign of service areas
M06	Commissioning - Highways and Transportation / Simon Jones	6,655,310	75,000	-350,000	6,380,310	75,000	-150,000	6,305,310	Energy efficiency, increased income and redesigning the workforce
M07	Commissioning - Planning, Regulatory Services and Environment / Mal Price	355,190	5,000	0	360,190	5,000	0	365,190	
M08	Commissioning - Leisure and Culture / Stuart West	552,650	5,000	-100,000	457,650	2,000	0	459,650	Efficiency savings within the functional area
M09	Commissioning - Leisure and Culture / Stuart West	221,470	5,000	0	226,470	5,000	0	231,470	
M10	Commissioning - Corporate Sup	1,655,930	11,500	-150,000	1,517,430	9,500	-100,000	1,426,930	Redesign of functional areas
M11	Commissioning - Highways and Transportation / Simon Jones	531,980	2,000	-250,000	283,980	2,000	0	285,980	Redesign of functional areas
M12	Commissioning - Business and Economy / Steve Charmley	322,140	5,000	-159,040	168,100	3,000	-100,000	71,100	Combination of efficiency savings and local commissioning of functional areas
M13	Commissioning - Leisure and Culture / Stuart West	70,080	0	-70,080	0	0	0	0	Combination of efficiency savings and local commissioning of functional areas
M14	Commissioning - Leisure and Culture / Stuart West	116,030	-12,080	-103,950	Savings proposed for 2018/19 are RAG rated RED				
M15	Commissioning - Rural Services and Communities /	214,940	0	-214,940	0	0	0	0	Increases in income
Total		56,177,540	908,770	-3,928,010	43,474,450	1,049,590	-555,000	43,969,040	
			Green Savings	0		Green Savings	0		
	Green ranked savings are deliverable with minimal impact		Amber Savings	-3,928,010		Amber Savings	-555,000		
	Amber ranked savings would not be recommended from a service delivery point of view but are considered achievable		Total Savings	-3,928,010		Total Savings	-555,000		

Public Health - Green and Amber rated proposals		2016/17 Budget (Net Revised) (£)	Estimated Growth (£)	2017/18 Savings Proposal (£)	2017/18 Budget (Net Projected) (£)	Estimated Growth (£)	Savings Proposal (£)	2018/19 Budget (Net Projected) (£)	Commentary	
Ref	Directorate/Portfolio	Council Function								
P01	Public Health / Karen Calder	Coroners	381,889	4,029	0	385,917	4,029	0	389,946	The Department of Health is yet to announce the Public Health Grant for the next two years therefore it will not be clear until the end of January about the resources available to the council to meet its statutory commitments. In addition the Home Office is consulting on changes to the Marriage Legislation that may mean that the Registrars' Service may have a reduction in the sources of revenue that it receives through the licensing of venues and the related fees for conducting services. On that basis the saving plan has been given an overall rating of Amber until a detailed review of the factors outlined above can be assessed.
P02	Public Health / Karen Calder	Registrars	156,801	1,751	-20,000	138,551	1,751	-20,000	120,302	
P03	Public Health / Karen Calder	Balancing Figure - Parenting plus £640	-109,555	-1,085	0	-110,639	-1,085	0	-111,724	
P04	Public Health / Karen Calder	Links	90,637	897	0	91,535	897	0	92,432	
P05	Public Health / Karen Calder	Mental Health	1,783	513	0	2,295	513	0	2,808	
P06	Public Health / Karen Calder	Infection Prevention	152,783	1,513	0	154,295	1,513	0	155,808	
P07	Public Health / Karen Calder	Help to Change	2,469,534	26,407	-80,349	2,415,592	26,407	-102,348	2,339,651	
P08	Public Health / Karen Calder	Emergency Planning	251,133	2,883	0	254,015	2,883	0	256,898	
P09	Public Health / Karen Calder	Multi-agency Drug and Alcohol Team	3,250,092	34,653	-25,000	3,259,746	34,838	-25,000	3,269,584	
P10	Public Health / Karen Calder	Healthy Child Programme Development	126,876	1,256	0	128,132	1,256	0	129,389	
P11	Public Health / Karen Calder	School Nurses	768,883	7,613	-56,000	720,495	7,613	-56,000	672,108	
P12	Public Health / Karen Calder	Sexual Health Services	1,423,072	14,177	0	1,437,248	14,177	0	1,451,425	
P13	Public Health / Karen Calder	Health CYP	307,111	3,041	0	310,151	3,041	0	313,192	
P14	Public Health / Karen Calder	Public Health Intelligence	147,702	1,462	0	149,165	1,462	0	150,627	
P15	Public Health / Karen Calder	Health & Wellbeing Board	-8,434,035	-83,505	0	-8,517,541	-83,505	0	-8,601,046	
P16	Public Health / Karen Calder	Shropshire Partnership	71,849	909	0	72,759	909	0	73,668	
P17	Public Health / Karen Calder	Community Safety	203,626	2,016	-47,500	158,142	2,016	-47,500	112,658	
P18	Public Health / Karen Calder	Inflation allocation - corrected in 2017/18	-37,058	37,058	0	0	0	0	0	
Total			1,223,122	55,587	-228,849	1,049,860	18,714	-250,848	817,726	
		Green ranked savings are deliverable with minimal impact		Green Savings	0		Green Savings	0		
		Amber ranked savings would not be recommended from a service delivery point of view but are considered achievable		Amber Savings	-228,849		Amber Savings	-250,848		
				Total Savings	-228,849		Total Savings	-250,848		

Resources and Support - Green and Amber rated proposals		2016/17 Budget (Net Revised) (£)	Estimated Growth (£)	2017/18 Savings Proposal (£)	2017/18 Budget (Net Projected) (£)	Estimated Growth (£)	Savings Proposal (£)	2018/19 Budget (Net Projected) (£)	Commentary
Ref	Directorate/Portfolio	Council Function							
R01	Resources and Support / Malcolm Pate	-16,505	-330	0	-16,835	-337	0	-17,172	Costs are recharged to other areas of the Council and reductions will be reflected as savings in service budgets.
R02	Resources and Support / Malcolm Pate	1,573,742	31,475	0	1,605,216	32,104	0	1,637,321	
R03	Resources and Support / Malcolm Pate	3,500,000	1,000,000	0	4,500,000	1,000,000	0	5,500,000	Short term saving available in 2016/17 only. This budget will be applied to service areas across the Council.
R04	Resources and Support / Malcolm Pate	1,375,845	27,517	-200,000	1,203,361	24,067	-100,000	1,127,429	Redesign of service areas
R05	Resources and Support / Malcolm Pate	-2,000	-40	0	-2,040	-41	0	-2,081	Costs are recharged to other areas of the Council and reductions will be reflected as savings in service budgets.
R06	Resources and Support / Malcolm Pate	-162,317	-3,246	0	-165,563	-3,311	0	-168,875	Costs are recharged to other areas of the Council and reductions will be reflected as savings in service budgets.
R07	Resources and Support / Malcolm Pate	-1,496,864	0	-1,496,045	-2,992,909		1,535,434	-1,457,475	Apply £5.385m of New Homes Bonus and £0.562m of RSDG over 3 years to offset front-loading of RSG reduction (Note growth not saving in 18/19 to reflect front loading of RSG reductions in years 1 and 2)
R08	Resources and Support / Michael Wood	-707	-14	0	-721	-14	0	-736	Costs are recharged to other areas of the Council and reductions will be reflected as savings in service budgets.
R09	Resources and Support / Michael Wood	60,055	1,201	0	61,256	1,225	0	62,481	Costs are recharged to other areas of the Council and reductions will be reflected as savings in service budgets.
R10	Resources and Support / Michael Wood	45,958	919	0	46,877	938	0	47,814	Costs are recharged to other areas of the Council and reductions will be reflected as savings in service budgets.
R11	Resources and Support / Michael Wood	-384	-8	0	-391	-8	0	-399	Costs are recharged to other areas of the Council and reductions will be reflected as savings in service budgets.
R12	Resources and Support / Michael Wood	-1,091	-22	0	-1,113	-22	0	-1,135	Costs are recharged to other areas of the Council and reductions will be reflected as savings in service budgets.
R13	Resources and Support / Michael Wood	-249,384	-4,988	0	-254,371	-5,087	0	-259,459	Costs are recharged to other areas of the Council and reductions will be reflected as savings in service budgets.
R14	Resources and Support / Michael Wood	515,999	10,320	0	526,319	10,526	0	536,845	Costs are recharged to other areas of the Council and reductions will be reflected as savings in service budgets.
R15	Resources and Support / Michael Wood	109,504	2,190	0	111,694	2,234	0	113,928	Costs are recharged to other areas of the Council and reductions will be reflected as savings in service budgets.
R16	Resources and Support / Michael Wood	159,418	3,188	0	162,607	3,252	0	165,859	Costs are recharged to other areas of the Council and reductions will be reflected as savings in service budgets.
R17	Resources and Support / Michael Wood	-133,623	-2,672	0	-136,295	-2,726	0	-139,021	Costs are recharged to other areas of the Council and reductions will be reflected as savings in service budgets.
R18	Resources and Support / Michael Wood	-28,870	-577	0	-29,448	-589	0	-30,037	Costs are recharged to other areas of the Council and reductions will be reflected as savings in service budgets.
R19	Resources and Support / Michael Wood	-672,661	-13,453	0	-686,114	-13,722	0	-699,837	Costs are recharged to other areas of the Council and reductions will be reflected as savings in service budgets.
R20	Resources and Support / Michael Wood	811,327	16,227	0	827,554	16,551	0	844,105	Costs are recharged to other areas of the Council and reductions will be reflected as savings in service budgets.
R21	Resources and Support / Michael Wood	150,799	3,016	0	153,815	3,076	0	156,891	Costs are recharged to other areas of the Council and reductions will be reflected as savings in service budgets.
R22	Resources and Support / Michael Wood	84,771	1,695	-290,997	-204,530	-4,091	0	-208,621	Redesign of service areas to deliver corporate savings.
R23	Resources and Support / Michael Wood	-289,442	-5,789	-143,700	-438,931	-8,779	0	-447,710	Redesign of service areas to deliver corporate savings.
R24	Resources and Support / Michael Wood	1,187,980	23,760	-1,001,113	210,627	5,613	-304,770	-88,531	Redesign of service areas to deliver corporate savings.
R25	Resources and Support / Michael Wood	-69,796	-1,396	0	-71,192	-1,424	0	-72,616	Costs are recharged to other areas of the Council and reductions will be reflected as savings in service budgets.
R26	Resources and Support / Michael Wood	-53,954	-1,079	-150,812	-205,845	-4,117	0	-209,962	Redesign of service areas to deliver corporate savings.
R27	Resources and Support / Michael Wood	185,499	3,710	-100,000	89,209	-216	0	88,993	Redesign of service areas to deliver corporate savings.
R28	Resources and Support / Michael Wood	461,954	9,239	-200,000	271,193	5,424	-276,617	0	Redesign of service areas to deliver corporate savings.
R29	Resources and Support / Malcolm Pate	-8,949,213	11,441,136	1,577,076	4,068,999	0	-861,771	3,207,228	One-off resources and/or savings applied from previous years to offset unachieved savings reallocated to service areas.
Total		-1,903,960	12,541,978	-2,005,591	8,632,428	1,060,527	-7,724	9,685,231	
	Green ranked savings are deliverable with minimal impact		Green Savings	-1,496,045		Green Savings	1,535,434		
	Amber ranked savings would not be recommended from a service delivery point of view but are considered achievable		Amber Savings	-509,546		Amber Savings	-1,543,158		
	Total Savings			-2,005,591		Total Savings	-7,724		

Red rated savings proposals that would need to be considered to close the Funding Gap in 2017/18 and 2018/19			2016/17 Budget (Net Revised) (£)	Estimated Growth (£)	2017/18 Savings Proposal (£)	2017/18 Budget (Net Projected) (£)	Estimated Growth (£)	Savings Proposal (£)	2018/19 Budget (Net Projected) (£)	Commentary
Ref	Directorate/Portfolio	Council Function								
A03	Adult Services / Lee Chapman	Health purchasing (Contracts & Staff)	8,749,295	585,302	-2,035,147	7,299,450	No savings proposed for 2018/19			These are a range of contracts with voluntary sector organisations which provide essential preventative services that support people to remain at home and delay the requirement for higher cost statutory services. These deliver on the Prevention and Wellbeing Requirements of the Care Act and are fundamental to the social care operating model of meeting eligible needs through a lower cost community based response wherever possible.
A25	Adult Services / Lee Chapman	Housing Support	3,103,782	121,230	-1,988,719	1,236,293	No savings proposed for 2018/19			Mixed provision under two umbrella contracts, delivering essential early intervention and prevention support to individuals and families. These deliver on the Prevention and Wellbeing Requirements of the Care Act and are fundamental to the social care operating model of meeting eligible needs through a lower cost community based response wherever possible.
C30	Children's - Learning & Skills / David Minnery	Director of Children's Services (including contribution to Corporate recharges)	922,898	9,554	-49,554	882,898	9,652	-39,652	852,898	No direct control of value within Directorate, but subject to review.
C31	Children's - Learning & Skills / David Minnery	Special Educational Needs (including Educational Psychology Team)	360,256	17,069	-377,325	0	No savings proposed for 2018/19			Educational Psychology service would cease with consequences for SEND service
C32	Children's - Learning & Skills / David Minnery	Post 16 Team	123,959	1,730	-125,689	0	No savings proposed for 2018/19			Savings included in EIS. Consequences for LAs capacity to ensure post 16 provision is in place
C33	Children's - Learning & Skills / David Minnery	Statutory Support Service Functions for Primary Schools (including Finance, HR & Payroll, IT Services and Property Maintenance)	1,609,092	16,091	-716,091	909,092	16,252	-516,252	409,092	This budget should shrink as Schools Academise but is a non-controllable internal market cost that delivers functions for schools that are the responsibility of the LA
C34	Children's - Learning & Skills / David Minnery	Statutory Support Service Functions for Secondary Schools (including Finance, HR & Payroll, IT Services and Property Maintenance)	367,812	3,678	-162,498	208,992	3,715	-103,715	108,992	This budget should shrink as Schools Academise but is non-controllable internal market cost that delivers functions for schools that is the responsibility of the LA.
C35	Children's - Learning & Skills / David Minnery	Schools Formula Funding Team	92,321	1,375	-93,696	0	No savings proposed for 2018/19			The LA remains responsible for the determination of funding allocations to schools.
C13	Children's - Safeguarding / David Minnery	Looked After Children (LAC) - External Residential Placements	Proposed savings for 2017/18 rated as Amber or Green			5,899,051	92,450	-327,916	5,663,585	Dependant upon the needs of children & young people assessed as requiring LA care/accommodation.
C14	Children's - Safeguarding / David Minnery	Children with Disabilities	Proposed savings for 2017/18 rated as Amber or Green			2,988,091	53,429	-203,308	2,838,212	Recommissioning provision to deliver in different way. Further savings would impact of the range of provision for children with disabilities
C36	Children's - Safeguarding / David Minnery	Case Management	2,683,785	44,253	-80,759	2,647,279	44,722	-98,375	2,593,625	Reduction in Social Workers has to follow reduction in demand. Current high caseloads need resolving and the administrative burden needs addressing before reductions can realistically be made.
C37	Children's - Safeguarding / David Minnery	Early Help (including Parenting, Targeted Youth Support, Lifelines, Family Information Service, Family Group Conferencing, Compass but not including Initial Contact Team and Children's Centres)	471,446	41,683	-302,415	210,713	42,365	No further savings proposed for 2018/19	253,078	Early Help Services prevents children wherever possible receiving children's social care interventions. Schools and other stakeholders will face pressure to meet demand.
C25	Children's - Safeguarding / David Minnery	Children's Centres	Proposed savings for 2017/18 rated as Amber or Green			1,291,704	42,884	-655,487	679,101	Early Help services prevents children wherever possible receiving children's social care interventions. Schools and other stakeholders will face pressure to meet demand.
C19	Children's - Safeguarding / David Minnery	Foster Care Service - Fostering Placements	Proposed savings for 2017/18 rated as Amber or Green			5,008,575	64,096	-88,537	4,984,134	This would result in a reduction in fostering placements.
C22	Children's - Safeguarding / David Minnery	Leaving Care Team	Proposed savings for 2017/18 rated as Amber or Green			1,184,989	22,576	-141,004	1,066,561	Will reduce service to a point such that statutory functions will be put under pressure. Some savings have already been identified as deliverable.
C38	Children's - Safeguarding / David Minnery	Parenting and Contact Team (PACT) (including Support Plus Workers and Family Support Workers)	719,808	12,914	-196,515	536,207	13,052	-239,378	309,881	Parent and Carer contact is court ordered contact.
M16	Commissioning - Leisure and Culture / Stuart West	Leisure centres, swimming pools and sports development	1,853,830	0	-1,853,830	0	Service at risk of being decommissioned			All swimming pools and leisure centres are at risk of likely closure
M17	Commissioning - Leisure and Culture / Stuart West	Museums and tourism	805,850	0	-805,850	0	Service at risk of being decommissioned			All museums and locally commissioned tourism facilities are at risk of likely closure
M18	Commissioning - Highways and Transportation / Simon Jones	Public transport	1,515,190	30,140	-1,038,900	506,430	5,000	-366,290	145,140	Bus routes may be at risk of being scaled back
M19	Commissioning - Leisure and Culture / Stuart West	Parks, countryside and rights of way	541,820	0	-541,820	0	Service at risk of being decommissioned			All parks and public open spaces are at risk of likely closure
M20	Commissioning - Leisure and Culture / Stuart West	Libraries	2,871,430	22,500	-980,710	1,913,220	22,500	-125,000	1,810,720	Reductions in opening hours at the six largest libraries, or they are commissioned is likely. Sixteen smaller libraries are at risk of closure and mobile libraries service is also at risk of closure. Workforce redesigned to reflect the new model of operating.
M21	Commissioning / Children and Young People	Youth activities and youth centres	422,730	0	-300,340	122,390	0	-122,390	0	Youth activities funding reduces by 50% from 2017/18 and then is at risk of ceasing entirely from 2018/19
M22	Commissioning - Rural Services and Communities / Cecelia Motley	Community development	734,080	0	-734,080	0	Service at risk of being decommissioned			Functional area is at risk of stopping in April 2017
M23	Commissioning - Leisure and Culture / Stuart West	Arts	170,110	0	-170,110	0	Service at risk of being decommissioned			Functional area is at risk of stopping in April 2017
M24	Commissioning - Planning, Regulatory Services and Environment / Mal Price	Refuse collection and recycling	571,750	3,000	-100,000	474,750	3,000	No further savings proposed for 2018/19	477,750	Workforce redesigned
M03	Commissioning - Highways and Transportation / Simon Jones	Highway maintenance and street cleansing	Proposed savings for 2017/18 rated as Amber or Green			9,683,850	0	-3,000,000	6,683,850	Reduction in spend on highways maintenance and street cleansing
M25	Commissioning - Highways and Transportation / Simon Jones	Car parks	-3,217,610	0	-200,000	-3,417,610	0	-100,000	-3,517,610	Increase in use of car parks
M14	Commissioning - Leisure and Culture / Stuart West	Theatre services	Proposed savings for 2017/18 rated as Amber or Green			0	0	-100,000	-100,000	Increases in income
R30	Resources and Support / Michael Wood	Corporate & Democratic Core	3,996,388	79,928	-500,000	3,576,316	71,526	-500,000	3,147,842	Costs of the Council being in business including Members and elections costs. A complete review of this area will be necessary.
R31	Finance / Malcolm Pate	Treasury Management	20,171,794	403,436	-1,530,000	19,045,230	380,905	-590,000	18,836,135	Early repayment of borrowing will incur significant financial penalties, but treasury activity overall will be reviewed.
Total			49,641,814	1,393,884	-14,884,049	62,207,908	888,123	-7,317,303	47,242,986	
Red ranked savings are high risk but would need to be delivered to meet the current budget pressure or need an above referendum CT increase to fund.					2017/18 Savings Proposal (£)		2018/19 Savings Proposal (£)			
Adult Services					-4,023,866		0			
Children's Services					-2,104,543		-2,413,623			
Commissioning Services					-6,725,640		-3,813,680			
Resources and Support					-2,030,000		-1,090,000			
Total Savings					-14,884,049		-7,317,303			

Appendix 4

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Date: 15th January 2016
My Ref: JW/CCJ/SD
Your Ref

Dear Shafi

Provisional Local Government Finance Settlement 2016-17 and an offer to councils for future years

Thank you for the opportunity to respond to this consultation. The response sets out the views of Shropshire Council on the “Provisional Local Government Finance Settlement 2016-17 and an offer to councils for future years”.

Shropshire is a sparsely populated county with an ageing population. We have already implemented almost £150million of cuts over the last six years and, prior to the provisional settlement announcement, had anticipated a further £77m of savings would be required over the next 5 years. This level of savings presents major challenges to the Council, with more than one third of the net budget spent on Adults services, the majority of the savings have to be found from the remaining budget which is required to cover our statutory responsibilities in areas including Looked After Children, Waste Management, Highways and Regulatory Services. As the pressures in Adults Services budgets continue to grow, other key statutory and community services become unsustainable. The Council has been working towards the deliverability of a balanced budget over the medium term; working to transform service delivery and maximise local resources. This is becoming increasingly difficult as cuts continue and deepen.

The provisional settlement presents a worse than projected financial position for the Council. This is as a result of both the change in the methodology for allocating resources and also the transfer into the settlement funding of a number of grants. Shropshire’s reduction in Revenue Support Grant for 2016/17 is 31.04%, well above the average reduction.

The Council welcomes the additional 2% flexibility on the current referendum limit for Council Tax for the Authority to be spent on adult social care; however, the benefit of this flexibility is all but lost in the overall settlement which then adjusts for this extra resource. The Council believes that this was not the Government’s intended outcome as it contradicts the government’s stated objective to make more resources available to Authorities with responsibility for adult social care. Shropshire is extremely

concerned about the pressures facing adult services budgets and the potential expectation from the public that this will be funded by the additional council tax precept when in fact this will only go towards offsetting additional reductions in government grant. Shropshire believes the additional funding announced for the Better Care Fund from 2017 should be brought forward to 2016.

In the current year Adult Services is projecting an overspend in budget of £5m; this pressure grows to c£9m in 2016/17. The pressure on Shropshire Adults Services Budgets is compounded by years of historic underfunding in this area. Analysis of readily available population projections (POPPI data) shows that Shropshire can expect to see its population of over 65 year olds grow by 14% by the year 2020 this compares to 12% growth for this group nationally. Shropshire also is also seeing continued and significant cost pressures arising in a number of other areas. For example 'Capital Reduction'. On average 10 people per month are requiring support because they have depleted their assets to a level which means they are eligible for funded support from Adult Social Care. Each person costs on average £23,000 per year. This has the potential to add as much as £2.8m per year to Adult Social Care Costs. Other areas of cost pressure arise as a result of hospital discharge behaviour, health funding reductions, cost pressures in the provider market resulting from legislative changes, lack of supply and fair cost of care responsibilities, people with increasingly complex needs, transition, people generally living longer, breakdown in family structures and economic climate where it is causing reductions in personal wealth. The authority continues to develop and implement strategies to manage these cost pressures but some are outside service control and are driven by much wider economic factors.

It is very disappointing that the government has chosen to redistribute funding based on resources available without taking account of the additional needs of authorities providing Adults Social Care. The projected reduction in funding for the Council and the Adult Services pressures have meant that the Council is consulting on savings of £33m for 2016/17. The provisional settlement has increased the Savings target by £3.5m. The Council has a net budget of £207m with over one third spent on Adult Services which is unable to contribute in 2016/17 to the savings target. Finding £36.5m from the remaining budget areas which include Looked after Children and Waste Management is extremely challenging for the Council.

As you know Shropshire, following encouragement by government, has frozen Council Tax for the last 7 years. It appears that following this particular government line has severely disadvantaged Councils like Shropshire. As we move to greater self-sufficiency of local authorities the government should allow Councils the freedom to set Council Tax at an appropriate level so that services local people are prepared to pay for can be provided. It is clear that Councils who accepted the freeze grant have, by doing so, been placed in a difficult position. Shropshire has concerns that the decision to freeze Council Tax in previous years will now mean that other services will now have to be cut back more than the electorate may find acceptable, despite us having some of the lowest cost and highest quality services in England. This could impact on both local and national elections. Shropshire, therefore requests that Councils who froze Council Tax should at least be able to adjust Council Tax, without

going to a referendum, to levels where this could have been set within the 2% annual cap.

The Council is disappointed that once again the settlement was received late in December and that there is a very short period allowed for the consultation period which includes Christmas and New Year. This is particularly disappointing as the settlement proposes changing to the grant distribution methodology not previously discussed. Therefore it was not only impossible to predict the impact on Shropshire prior to the settlement being released, but also the potential of implications on our planning assumptions was not known to us, rendering significant amounts of this work redundant.

The Council welcomes a move to a four year settlement, but questions what future certainty has actually been provided by the provisional settlement. Aside from exemplifications on the impact on RSG, there is no mention of the impact of locally retained business rates, the impact of revaluation, the impact of Better Care funding or any clarification of new burdens over the settlement period. The provisional settlement provides no certainty for Shropshire over the four period and this should be addressed urgently. In particular the Council calls for more clarity around 100% Business Rates Retention and what duties and responsibilities will pass to local authorities within this revised funding mechanism. Without this information it is difficult to produce credible forward plans.

1. Do you agree with the methodology for allocating central funding in 2016-17, as set out in paragraphs 2.6 to 2.8?

Shropshire Council does not agree with the methodology for allocating central funding in 2016/17. The methodology has changed from that used in previous years to reflect changes in a Council's ability to raise resources from Council Tax but does not reflect the fact that these resources are required to deal with additional needs. This goes against the Governments stated intention to ensure more resources are available to Councils with increased needs due to Adult Social Care Responsibilities. Shropshire is aware that the overall effect of the change in methodology is to divert funds away from areas such as Shropshire with higher percentages of the population elderly to other areas such as Metropolitan Councils which historically have a lower percentage of their population who are elderly and requiring Social Care. The reduction in RSG for Shropshire from the Adjusted 2015/16 figure to the provisional 2016/17 figure is 31% which is significantly higher than the average for all authorities of 26.7%. The late announcement of the provisional settlement with no prior warning of the changes in methodology has meant that Shropshire has increased savings to find and allocate for 2016/17 in a very tight timescale.

2. Do you agree with the proposed methodology for calculation of the council tax requirement for 2016-17, as set out in paragraphs 2.10 and 2.11?

Shropshire Council does not believe that the projected income from Council Tax for the Authority should be used in the calculation of RSG. The four-block model, which underpins the settlement funding assessment, already includes a resource

equalisation element which assesses authorities' ability to raise council tax. Including the council tax requirement in the calculation of RSG therefore takes council tax into account twice. It is not acceptable to change the methodology by introducing a measure of resources without at the same time reflecting additional needs.

3. Do you agree with the proposed methodology in paragraph 2.12 for splitting the council tax requirement between sets of services?

Shropshire does not have any specific comment on this question.

4. Do you wish to propose any transitional measures to be used?

Shropshire does not agree that the changes in methodology should be implemented for 2016/17. The Council believes that if the changes for 2016/17 cannot be withdrawn then they should be implemented on a one off basis only and a consultation should be undertaken on a review of the distribution method which also takes account of additional needs. The council suggests that transitional funding could be made available to offset the changes in methodology in 2016/17 by maintaining the contribution to New Homes Bonus from DCLG Communities DEL at £250m (see response to Q 5 below)

5. Do you agree with the Government's proposal to fund the New Homes Bonus in 2016-17 with £1.275 billion of funding held back from the settlement, on the basis of the methodology described in paragraph 2.15?

Shropshire believes that the New Homes Bonus funding should continue to be funded at previous levels (£250m) from the DCLG Communities DEL. This would allow the £40m from the Local Government DEL to be allocated in 2016/17 to fund any transitional measures to offset the percentage reductions over and above what had been expected following the Spending Review.

6. Do you agree with the Government's proposal to hold back £50 million to fund the business rates safety net in 2016-17, on the basis of the methodology described in paragraph 2.19?

Shropshire does not agree with this proposal. The Government's intention in establishing the business rates retention scheme was that the safety net should be self-financing through income from levy payments. 2016-17 will be the fourth year of the scheme, yet the cost of the safety net does not appear to be balanced by the levy. As a result, the pressure is being shared by all authorities, rather than those that are paying a levy. Shropshire believes the safety net should be funded separately from the amount available for RSG. Again, funding from this topslice could be made available for transitional arrangements enabling £50m to be used to mitigate the impact of the proposed funding changes.

7. Do you agree with the Government's proposed approach in paragraph 2.24 to paying £20 million additional funding to the most rural areas in 2016-17, distributed to the upper quartile of local authorities based on the super-sparsity indicator?

Shropshire is pleased that the Government recognises the additional costs of providing services in sparsely populated areas like Shropshire. Authorities like Shropshire have been underfunded for years and this has exacerbated the pressures now being faced in adult's services. As such Shropshire believes that the increase in the grant to £65.5m should be brought forward from 2019/20. The resulting allocation for Shropshire, however, does not provide additional funds to reflect sparsity, but merely offsets some of the reductions described previously.

8. Do you agree with the Government's proposal that local welfare provision funding of £129.6 million and other funding elements should be identified within core spending power in 2016-17, as described in paragraph 2.28?

It is not appropriate to identify these elements in core spending power, as they were previously shown within the settlement funding assessment. By identifying these funding elements separately, it has the implicit effect of ringfencing these funding streams and identifying how much should be spent on these responsibilities. However, it is clear that sufficient funding has not been provided with the SFA. As a result, given that some counties receive no RSG in 2019-20, including these elements within core spending power effectively assumes that counties will fund these responsibilities from other funding streams. Until now funding streams such as council tax and the New Homes Bonus could be spent by local authorities at their own discretion.

Shropshire considers that all the separate elements in the settlement funding assessment identified in previous years should continue to be identified in settlements up to 2019-20. This should include publication of a breakdown for each element of the amount provided through RSG and the baseline funding level. In addition to the elements mentioned in paragraph 2.26, figures for council tax freezes before 2015-16, efficiency support grant, as well as GLA funding, should be included. This will enable local authorities to understand, and explain to residents, central government funding changes over the period.

Alternatively, if DCLG do not wish to publish the breakdown between RSG and the baseline funding level for each of these elements, they should not be separately identified within core spending power. As outlined above, this creates the misleading impression that sufficient funding has been made available from Government to fund these services, when this is evidently not the case. Consequently, there is an implicit expectation from Government that local authorities will use sources of funding other than the SFA to maintain spending on these services at the levels identified. It is unprecedented for DCLG to effectively prescribe how council tax and other sources of un-ringfenced funding should be used in this way.

9. Do you agree with the Government's proposal to include all of the grant funding for the Care Act 2014 (apart from that funded through the Better Care Fund) in the settlement, using the methodology set out in paragraph 3.2?

Shropshire does not agree that the Funding for the Care Act 2014 should be included in the settlement. Shropshire believes that this funding should be provided through a separate unringfenced section 31 grant. This would enable Shropshire to receive the funding they are actually due under the allocation methodology, without it being taken away through the core funding methodology used to allocate RSG which is the case in the provisional settlement.

In previous years, funding for new responsibilities included in the settlement has been added as a separate element of Revenue Support Grant. This does not appear to be the case for the Care Act funding; as a result, given the effect of RSG redistribution, funding is effectively lost to Shropshire. When the Care Act was introduced, the Government gave assurances that the new burdens arising from additional responsibilities would be fully funded. This is clearly no longer the case given the figures set out in the provisional settlement. This is another blow to Shropshire which is facing increasing pressures on the Adults Services budget.

10. Do you agree with the Government's proposal to include all 2015-16 Council Tax Freeze Grant in the 2016-17 settlement, using the methodology set out in paragraph 3.3?

Shropshire agrees with the proposal to include Council Tax Freeze Grant in 2016/17 however believes that this element should be protected as was the expectation when Council Tax was frozen.

11. Do you agree with the Government's proposal to include all 2015-16 Efficiency Support Grant funding in the settlement and with the methodology set out in paragraph 3.5?

Shropshire does not have any specific comment on this question

12. Do you agree with the Government's proposal to include funding for lead local flood authorities in the 2016-17 settlement, as described in paragraphs 3.6 and 3.7?

Shropshire agrees with this approach, however, again notes that this element of previously protected funding is now unprotected. This and other elements transferred to the settlement should be separately identified within the SFA, including the split between RSG and the baseline funding level.

13. Do you agree with the Government's proposal to pay a separate section 31 grant to lead local flood authorities to ensure funding for these activities increases in real terms in each year of the Parliament?

Shropshire agrees with this approach however feels that the allocation of a separate grant to cover inflation in this area should be applied to other service areas facing more significant inflationary pressures.

14. Do you have any views on whether the grant for lead local flood authorities described in paragraph 3.8 should be ringfenced for the Spending Review period?

Shropshire does not have any specific comment on this question

15. Do you agree with the Government's proposal to adjust councils' tariffs / top ups where required to ensure that councils delivering the same set of services receive the same percentage change in settlement core funding for those sets of services?

Shropshire is opposed to the Government's proposal to adjust the tariffs in the way set out in the exemplifications. This is completely against the spirit of the Government's commitment, when setting up the scheme, to 'uprating tariffs and top-ups by the RPI business rates multiplier, so that a major part of top up authorities' income within the scheme is not eroded in real terms, and tariff authorities are under a strong incentive for physical growth'.¹ As the government response to the original consultation on business rates retention also highlighted, top-up authorities would 'experience greater income stability with a major part of their income being an index-linked top-up grant, protecting their ability to provide upper-tier services such as adult and children's social care and transport'. The proposal to include an adjustment to remove tariff or top-up funding undermines the fundamental purpose of designating Shropshire, the provider of upper tier services, as a top-up authority.

It is not clear how a negative tariff adjustment would work in practice and more detail is required.

16. Do you have an alternative suggestion for how to secure the required overall level of spending reductions to settlement core funding over the Parliament?

Shropshire recognises the need to contribute to the overall required level of spending reductions to settlement core funding, however, does not believe that Shropshire's current allocations recognise the increased needs of the local population. The Authority welcomes the principle of publication of figures for four years but does not consider the calculation of these figures to be fair. The figures should be derived from a proper, open and transparent process, which recognises not only authorities' ability to secure finance locally through the council tax taxbase, but the needs of the

¹ [p.5, Local Government Resource Review - Proposals for Business Rate Retention Consultation: Government Response, December 2011](#)

population, in particular those relating to social care. Without such a process, the four-year figures lack integrity.

The core spending power figures include multiple assessments of authorities' council tax-raising potential. Council tax is taken into account twice in the calculation of the SFA, through the resource equalisation block in the four-block model, which underpinned the original start-up funding and, now, through the inclusion of the council tax requirement in determining RSG. The council tax requirement is also included as a standalone item in core spending power and assumes a 1.75% increase, as well as an additional 2% increase for social care authorities. Finally, an assumption of the council tax which can be raised from the 2% social care flexibility is included in the calculation of allocations for the improved Better Care Fund. As Shropshire is able to raise a greater proportion of their funding from council tax, including council tax within the allocation methodology for so many funding streams compounds the difficulty.

Whilst Shropshire recognises the need for some sort of spending power measure, any measure which fails to take into account the impact of inflation and demographic growth is fundamentally flawed. Similarly, whilst there may be a case that council tax income should be taken into account in a measure of spending power, Shropshire does not believe it is reasonable to include assumptions about increases in council tax. Council tax is a local tax and it is for democratically elected councillors to make decisions on the council tax levels over the next four years. If, as the Government maintains, it is for councils to make decisions on council tax levels, it is not acceptable for assumptions on council tax increases to be built into spending power figures.

17. Do you have any comments on the impact of the 2016-17 settlement on persons who share a protected characteristic, and on the draft equality statement published alongside this consultation?

It is likely that, as a result of the disproportionate effect of these proposed changes, the impact on equalities for those residents in Shropshire will be greater than those living in London Boroughs and metropolitan areas. Also, the lack of transparent funding for the Care Act and the allocation methodology for the improved Better Care Fund could have a particular impact on elderly and disabled persons. Without revisiting need in any changes to the redistribution methodology, there is a disproportionate effect on areas with greater need which will impact on vulnerable adults and children.

Shropshire would be pleased to receive a response from the Government to the particular issues and requests raised in this letter, in particular, the request for the referendum limit to be relaxed for Authorities who have previously frozen Council Tax.

Yours sincerely

James Walton
Head of Finance, Governance & Assurance (Section 151)