



Date: Wednesday, 18 May 2016

Time: 12.30 pm

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

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## CABINET

### TO FOLLOW REPORT

#### **7 Financial Strategy - Budget 2017/18 and 2018/19 - (Pages 1 - 28)**

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

Report of the Head of Finance, Governance and Assurance

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<u>Committee and Date</u>	<u>Item</u>
Cabinet	
18 <sup>th</sup> May 2016	
12:30 noon	<u>Public</u>

## FINANCIAL STRATEGY 2017/18 – 2018/19

**Responsible Officer** James Walton

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### 1. Summary

This report is the first financial strategy report in 2016/17 and reviews and revises work undertaken throughout 2015/16 to develop the 2017/18 -2018/19 budget strategy.

The report sets out proposals to close the current funding gap, focussing on the 2017/18 and 2018/19 Financial Years. In summary, if the Council increases Council Tax by the maximum permitted 3.99% each year and progresses all Green and Amber RAG rated savings (as set out in Appendix 3) a funding gap of £17.3m will remain in 2017/18, growing to £30.4m in 2018/19. To enable a legal budget to be set in 2017/18 further savings to those set out in this report will need to be identified, to the value of £17.3m. Alternatively, additional resources to this value will need to be generated.

Council approved the 2016/17 budget in February as part of the financial strategy 2016/17 – 2018/19. The report also detailed the resource and expenditure projections for the financial years 2017/18 and 2018/19 noting that further work was required to review these projections which were amended for the February financial strategy report following work to revise growth projections in Adult Services.

This report notes the latest position on achievement of 2016/17 savings and identifies the financial position for 2017/18 and 2018/19 allowing for savings achieved in 2016/17 on a one off basis. Members will recall that the final Local Government Finance Settlement provided some transitional relief for the Council for the financial years 2016/17 and 2017/18 but that over the 4 year period of the settlement the resources available to the Council were in line with initial projections and that no ongoing financial relief was made available as part of the settlement.

As part of the scrutiny process, a budget setting task group has been established by Performance Management Scrutiny Committee to consider the proposals

currently identified to allow a balanced budget to be set in 2017/18 and 2018/19. The terms of reference of this group and the timeline for reporting back were considered by Performance Management Scrutiny committee on 11 May 2016.

The report also notes the current position with regards to Adults growth projections and notes the recommendation of Cabinet on 27 April to consider further options to replace the current Adults and Children's Social care IT system recognising that further work needs to be undertaken to recommend to council the final funding package for the chosen replacement option. The report seeks approval to maintaining the Minimum Income Guarantee in the collection of contributions for non-residential service users.

A report on the Council's ICT Digital Transformation Programme was considered by Cabinet on 11 May. The report recommended the production of a final business case which identifies the financial implications of the preferred option for Council approval. The financial implications will be included in the next financial strategy report for Council approval.

The Council is currently reviewing and considering its overall vision and priorities with a view to drawing up a new Corporate Plan. The development of the 2017/18 budget and the resulting Financial Strategy goes hand in hand with this process and will be undertaken at the same time as the overarching vision for Shropshire Council is developed.

## 2. Recommendations

It is recommended that members:

- A. Consider the latest information on the achievement of 2016/17 Savings proposals as set out in Section 4.
- B. Note the funding gap identified for 2017/18 of £25.714m growing to £40.946m by 2018/19 after the application of one-off funding estimated to be available, as set out in Section 6.
- C. Note the current savings proposals identified for 2017/18 and 2018/19 to partially close the funding gap as set out in Appendix 3 and summarised in Table 6.
- D. Recommend to Council the use of available one-off funding as set out in Table 4 and service savings proposals identified as "Green" and "Amber" totalling £10.578m as listed in Appendix 3.
- E. Note that after the application of one-off funding and Green and Amber rated savings, a funding gap of £17.259m remains in 2017/18, growing to £30.368m in 2018/19.

- F. Note the work which will be undertaken by a Budget Setting Task Group established by Performance Management Scrutiny Committee and which will feed into the Budget process as set out in Section 8.
- G. Consider the latest information on Adults Growth Projections as set out in Section 9
- H. Note the financial implications of the Digital Transformation Programme including any proposals to replace the existing Adults and Children’s Care IT system have been reported separately to Cabinet on 27 April and 11 May 2016 and final recommendations for approval will be reported following the production of a final Business Case to Cabinet and Council, as necessary, within an updated Financial Strategy Report.
- I. Approve the Minimum Income Guarantee (MIG) in its Personal Budget Contribution Policy for non-residential Service Users as set out in Section 11.
- J. Note the work to be undertaken in order to provide a response to the Government on Multi Year Settlements and Efficiency Plans.
- K. Note that a policy change will need to be approved by Council to enable new powers to be exercised to utilise capital receipts for revenue purposes as considered in Section 10.

## REPORT

### 3. Risk Assessment and Opportunities Appraisal

- 3.1. The development and delivery of the Council’s 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 Financial Strategy makes specific reference to the Council’s ability to set a sustainable budget and the significant financial uncertainty across Local Government in the Medium Term.

#### Financial Uncertainty

- 3.2. There is a significant risk that the Council’s financial position will impact on service delivery in future years. It is still unclear as to the extent of this impact as a great deal of work, including consultation where necessary, is required to move from the production savings proposals to actual changes in service delivery seen on the ground. Nevertheless, we have identified proposals for service reductions that would be necessary to deliver a

balanced budget over the medium term. 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 finance settlement on Council finances brings into question our ability to deliver a Sustainable Business Model i.e. our ability to generate sustainable funding to enable a sustainable and safe service delivery model.

- 3.3. The Final Local Government Finance Settlement 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 and this may depend on whether the Council accepts the Governments offer of a multi-year settlement.
- 3.4. 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 monitored 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.
- 3.5. As a result of significant pressures being identified within Adult Services between in 2015/16 it was necessary to reconsider the growth identified for this service in future years. It is becoming clearer as to whether the pressure identified in late 2015/16 financial year is a one-off pressure or representative of a longer term trend. There is a risk that the pressure seen in 2015/16 could be under or over stated in future year's projections given the relatively limited data available, the short period over which the assessment has been made, the large size of the existing budget and the inherent volatility within the service. Each of these issues can lead to uncertainty in the base data or assumptions which are then extrapolated. If the pressure in Adult Services in future years is understated this would lead to short term decision making to deliver a balanced budget. If this pressure is over stated in future years, this would lead to decisions being taken elsewhere in the Council's budget that may have been unnecessary.

- 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. Savings in the current financial year, 2016/17**

- 4.1. The following gap and savings for 2016/17 were reported to Council in February 2016.

**Table 1: 2016/17 Savings**

	£m
Savings Required	47,487
Savings Identified:	
Ongoing base budget savings in services	-23,052
Ongoing Budget Contribution to Adults	-1.382
Ongoing release of surplus MRP	-2.403
One off contribution from Reserves	-9.356
One off Contribution from Rural Services Delivery Grant	-6.573
One off contribution from New Homes Bonus	-4.145
One off Contribution from Transition Grant	-0.576
Total Savings identified	-47.487

- 4.2. The latest information on achievement of the £23.052m savings required from service budgets is shown in Table 2 below.

**Table 2: RAG Rating of Achievement of 2016/17 Service Savings**

RAG Rating	£m
Green / Achieved	18.054
Amber / work still to be completed to achieve saving	4.420
Red / Saving not now achievable	0.578
Total	23.052

- 4.3. The achievement of the Ambers will continue to be monitored and will be reported to Cabinet as part of 2016/17 Quarterly monitoring reports. Alternative savings will be required to replace savings identified as now not achievable (RED). Where appropriate, these will be approved by Cabinet in future.
- 4.4. 2016/17 monitoring will also provide information on service pressures and opportunities which need reflecting in future year's budgets.
- 4.5. It can be seen in Table 1 above that 2016/17 Budget is balanced by the use of £20.650m of resources used on a one-off basis in 2016/17. While termed "one-off" these resources may also be available in future years at differing levels and, where this is the case, can be applied to offset the funding gap in 2017/18 and/or 2018/19.

## 5. Development of the Financial Strategy 2017/18 to 2018/19

- 5.1. Cabinet received 4 financial strategy reports throughout 2015/16 setting out the budget position for the Council over the 3 year period of the Medium Term Financial Plan, 2016/17 – 2018/19.
- 5.2. The savings proposals required to balance the 2016/17 Financial Year were agreed by Cabinet on 17 February 2016 and this report also set out the parameters for the budget in the following 2 years, 2017/18 and 2018/19.
- 5.3. The development of a Sustainable Business Model to allow the Council to consider what services will be affordable going forward was detailed in Financial Strategy reports over the last year. In the report to Cabinet on 27 January 2016 details of what service budgets would look like in 2017/18 and 2018/19, within the latest resource projections, were included. It is now



necessary to reconsider and develop this work taking into account the latest position on the projected funding gap for these years and the latest work and considerations on the achievability of the proposals identified. This work will continue throughout the year in line with the timetable set out in Table 3 below.

**Table 3: Timetable - 2017/18 and 2018/19 Budget**

Date	Group	Details (subject to available information e.g. Settlement)
18 May 2016	Cabinet	<p>Detail Financial position for 2017/18 and 2018/19 and identify first tranche of savings proposals, where possible deliverable within year, to help balance the 2017/18 and 2018/19 budget.</p> <p>Recommend to Council the use of one-off funds and, where necessary, adjustments to the 2016/17 budget for savings proposals brought forward and/or RAG rated as “Green” and “Amber” in 2017/18 and 2018/19.</p>
May 2016	Performance Management Scrutiny (PMS) Committee Budget Setting Task Group	Terms of Reference agreed by PMS Committee on 11 May 2016. Budget Setting Task Group to commence in May 2016
6 July 2016	Cabinet	<p>Agree and recommend to Council</p> <ul style="list-style-type: none"> <li>- Identify second tranche of savings proposals, where possible deliverable within the year, and any further adjustments required to the 2016/17 budget to help balance the 2017/18 and 2018/19 budget.</li> <li>- Financial implications of the Council's ICT Digital Transformation Programme</li> <li>- Detail, as necessary, the efficiency statement to be returned to Government to allow multi-year settlement (see Appendix 4).</li> </ul>

21 July 2016	Council	<p>Approve</p> <ul style="list-style-type: none"> <li>- Second tranche of savings proposals, where possible deliverable within the year, and any further adjustments required to the 2016/17 budget to help balance the 2017/18 and 2018/19 budget.</li> <li>- Financial implications of the Council's ICT Digital Transformation Programme</li> <li>- Detail, as necessary, the efficiency statement to be returned to Government to allow multi-year settlement (see Appendix 4).</li> </ul>
9 November 2016	Cabinet	Consider latest information on Resource and Expenditure Projections and savings for 2017/18 and 2018/19
21 December 2016	Cabinet	Consider latest information on Resource and Expenditure Projections and savings for 2017/18 and 2018/19 - subject to the Council receiving the draft Local Government Finance Settlement.
8 February 2017	Cabinet	Agree 2017/18 Budget for approval by Council including all 2017/18 Savings and any 2018/19 savings which can be agreed.
23 February 2017	Council	Approve 2017/18 Budget

## 6. 2017/18 and 2018/19 Projections of Resources and Expenditure

- 6.1. The latest 2017/18 and 2018/19 projections for resources and expenditure were reported to Cabinet on 17 February 2016. Table 4 below takes the information from Cabinet on 17 February and updates it to reflect savings achieved on a one-off basis in 2016/17.

**Table 4: Resource and expenditure projections 2017/18 and 2018/19**

	2016/17	2017/18	2018/19	
	17/02/2016	17/02/2016	17/02/2016	
	£'000	£'000	£'000	
Resources	565,376,758	568,151,744	568,439,661	
Expenditure	596,902,316	616,120,791	629,456,194	
<b>Funding Gap</b>	<b>-31,525,557</b>	<b>-47,969,047</b>	<b>-61,016,532</b>	As in FS 25/02/2016
Previous Year (2015/16) Unachievable	-15,961,130	-15,961,130	-15,961,130	
<b>Savings Required to balance year</b>	<b>-47,486,687</b>	<b>-63,930,177</b>	<b>-76,977,662</b>	
2016/17 Savings achieved on Ongoing Basis	-26,836,330	-26,836,330	-26,836,330	
2016/17 Savings achieved on One Off basis	-20,650,357			
2017/18 Savings achieved on One Off basis		-10,379,705		
2018/19 Savings achieved on One Off basis			-9,195,082	
Savings to be found after the use of one off Funding	0	-26,714,142	-40,946,250	

6.2. The following funding is included in the table above and can be applied to offset the requirements for savings in each year.

**Table 5: One off Funding to be Applied in 2017/18 and 2018/19**

	2017/18 £m	2018/19 £m
Rural Services Delivery Grant	5.308	4.083
New Homes Bonus	4.269	0.783
Transition Grant	0.586	
Better Care Fund	0.217	4.329
Total	10.380	9.195

6.3. Applying the one off funding identified above reduces the gap in 2017/18 and 2018/19 to £26.714m and £40.946m respectively (that is, a further £14.232m savings required in 2018/19) as shown in Table 4 above.

6.4. The resources included above as one-off are largely new grants which are funded outside of the general formula grant calculation. Each of the grants has its own formula for allocation. These grants are included in the Government's calculation of Core Funding. The Council will need to fully understand which of these "Core grants" are to be rolled into the Business Rates Retention. Until the Council is clear if these grants will continue, they

have been included in resources on a year by year basis (i.e. one-off) rather than relied upon and built into base assumptions.

- 6.5. The Financial Strategy Report to Cabinet on 27 January 2016 identified what service budgets would look like within the resource projections at that date.
- 6.6. Reductions in Budgets were identified and categorised (or RAG rated) as Red, Amber or Green. The details, updated from those reported to 27 January Cabinet, are attached at Appendix 3
- 6.7. In terms of balancing the budget in each of the years 2017/18 and 2018/19, the table below summaries the position.

**Table 6: 2017/18 and 2018/19 Funding Gap and Savings RAG Rated**

	2017/18 £m	2018/19 £m
Gap after Applying one offs	26.714	40.946
Savings Rated "Green"		
2017/18	-2.654	-2.654
2018/19		0
Less unavoidable Growth in 2018/19		1.535
Savings Rated "Amber"		
2017/18	-6.801	-6.801
2018/19		-2.658
Funding gap remaining after Green and Amber Savings applied	17.259	30.368
Savings proposals subsequently RAG rated as "RED"		
2017/18	-15.349	-15.349
2018/19		-7.417
Remaining funding gap after application of all savings (regardless of RAG rating) detailed in January Report	1.910	7.602

- 6.8. It can be seen that even after implementing all the budget changes, including those that were subsequently RAG rated as RED, a budget shortfall of £1.910m would remain in 2017/18 which would increase to £7.602m in 2018/19.
- 6.9. At this point in time there is no significant change proposed in projected spend for Adult Services over the medium term. The funding gap, therefore, is unchanged at this point in time and revised savings proposals will be drawn up, for consideration at Cabinet in July 2016, to meet the £17.259m gap in 2017/18, growing to £30.368m in 2018/19.
- 6.10. Any of the Green and Amber proposals identified in this report that are not progressed will result in the current funding gap growing.
- 6.11. The Financial Strategy assumes a 3.99% Council Tax increase in every year going forward. This is the limit of increase allowed without going to referendum. If this planning assumption were changed, i.e. reduced, the current funding gap would grow.
- 6.12. Growth in resources to close the remaining funding gap is being considered, but is unlikely to deliver a solution, certainly in the short term. Alternatively, the increase in Council Tax required to close the £17.259m funding gap in 2017/18 alone would be approximately 17% which would, of course, be above the assumed referendum threshold of 3.99%.
- 6.13. It is recommended that the use of funding identified as one-off in Table 5 above and the green and amber savings identified in Appendix 3 are agreed by Cabinet and recommended to Council for approval.

## **7. Review of 2017/18 and 2018/19 Savings Proposals**

7.1. As demonstrated in Table 5 above, after agreeing the Green and Amber savings proposals listed in Appendix 3 there is still a significant gap in the council's budget for 2017/18 and 2018/19. Proposals to close this gap will be considerably more challenging to deliver than those approved to date, and it is essential that the implications of subsequent service changes are clearly understood before final decisions are made. Section 7 sets out an update to the work currently being undertaken to consider how services may be delivered in the future within the available resource envelope.

### **7.2. Commissioning Directorate**

7.2.1. Cabinet approved a report taken on 6 April 2016 entitled 'A Partnership Approach in Designing the Future of our Local Services', which described the principles and approaches Shropshire Council will use to engage and

work with our partners, such as town and parish councils, to secure a sustainable future for local services and community based assets. It also provided an update on progress on the work so far and a summary of the key issues that have been identified as being of importance to the successful implementation of the described approaches.

7.2.2. An indicative Place Based Budgets spreadsheet, breaking down the locality based at-risk activity and the costs of these was included in the 6 April Report and also provided to Town and Parish Councils. The totality of Shropshire Council's current controllable spend over these services is in the region of £5m.

7.2.3. A further report was taken to Performance and Management Scrutiny on 11 May 2016 where an update was provided on the work undertaken to date.

7.2.4. Through the many discussions so far undertaken with individual organisations, infrastructure providers and elected members, a number of issues have been identified as potentially having significant impact upon the work that is being undertaken. These are detailed below:

- Detailed work has begun to enable us to fully understand the **council's statutory duty** to deliver some services. This is still at the early stages and its interpretation will be key.
- There are a small but significant number of services within the scope of this work that have either **external funding or contractual obligations**. The financial impact of decommissioning services that have these obligations needs to be assessed and fully understood. Areas include museums, leisure centres, swimming pools and countryside sites.
- The **challenging timeline** the council is working to has been identified as being of concern to organisations that are potentially interested in taking on the responsibility for services and assets. The council is not saying that new arrangements need to be in place by September 2016, but that firm new management or funding plans will need to be in place by then, or not, to allow the necessary arrangements relating to either scenario to be enacted in time for the start of the new financial year. Robust programme management will support the timing of the delivery of activity but the council does recognise that its potential partner organisations will have their own timelines to work to – particularly around decision making, and that will need to be recognised. The council is working in exceptional circumstances due to its forecasted future financial position and this is shaping the approaches it is taking with this work.

- The potential for **town and parish councils to cluster or federate** to fund the future delivery of services accessed by residents from across a wider area, e.g. a library service based within a town council area that is also used by people living in surrounding parishes. Town and parish councils are also interested in exploring how they could be clustered to facilitate area based delivery of the council's future grounds maintenance contract and the council is keen to work with the support of the Shropshire Association of Local Councils (SALC) to investigate this further with local councils.
- Concerns have been raised that the council's locality approach to seeking new solutions for the future delivery of local services could result in a **difference in provision of these services** across the county. The council is aware of the risk of this scenario developing and will closely review the outcomes of local discussions to understand the potential impact on county wide provision and its statutory duties.
- There have been requests from some organisations for **support from the council** that will build the capacity, knowledge and confidence that will enable a transition from the existing to new management models and structures. Shropshire is fortunate to have active and engaged infrastructure support through its VCSA and SALC, and the council has recently worked with them to deliver capacity building support from Locality. The council recognises that the availability of this support could contribute to the innovation and sustainability of new ideas. It is currently proposed that the support that is now being requested could be provided through a combination of the local SCEO/CEO and expert specialised advice, which the council could procure on an invest to save basis.

7.2.5. Concerns have also been raised about the longer term support from the Community Enablement Team – at present the team is one of the areas at risk and yet partners and elected members are voicing concerns that they will need this team to enable the transition to take place.

- There are opportunities for **organisations to work in partnership** to design and deliver new management solutions for services and assets, e.g. town councils with a local VCS group, parish councils with local Friends of Open Spaces groups, VCS organisations to create a consortium around a service that they have a shared interest in, town and parish councils to cluster so that costs, skills and resources can be shared. There is an opportunity for the VCSA and SALC to continue the approach they have recently used to support the building of capacity of members within their respective sectors and the council would like to continue to work alongside them to enable this to happen.

7.2.6. The council has made it clear that firm new funding or management plans for the services and assets in scope need to be in place by September 2016 and if a way forward is not established by then, it will have to consider decommissioning the service.

### 7.3. **Children's Services**

7.3.1. An external review of the savings proposals put forward for the Children and Young People directorate have been undertaken and provided general validation to the proposal. Subject to some further detailed analysis and modelling in some areas as recommended, savings rated green amber are brought forward for approval.

7.3.2. Further agreement will need to be reached regarding the ongoing contribution of DSG to Early Help and prevention services

7.3.3. At the point of writing the impact of the National Funding Formula for education together with proposals set out in the Education Excellence Everywhere white paper are unclear and will need to be analysed as details of the role of Local Authorities in education and therefore its associated funding in the short and medium term are forthcoming. These potential reductions in funding for the LA have not been factored into the existing savings proposals.

### 7.4. **Public Health**

7.4.1. The implications of further cuts in Public Health Grant need further evaluation and may impair the ability of the Council to meet its statutory functions in this area. As more detail is available, the impact of reductions on services will be detailed.

### 7.5. **Adult Services**

7.5.1. The implications for service cuts within Adult Services will be formulated around the on-going review into demographic growth in underlying costs. The latest position is mentioned in Section 9 below, and it is the understanding of the scale, the ability to predict and the key drivers behind this growth that will shape the Council's ability to manage the impact on the overall budget.

### 7.6. **Resources and Support**

7.6.1. The Council has benchmarked the costs of delivering its corporate and democratic core against similar authorities and found it to be below average cost. In addition, a review of management costs demonstrates that senior



management pay rates are amongst the very lowest in the country and since 2011 the number of senior managers has fallen from 95 to 42. This is already a reduction in excess of 50% and is planned to fall further in future. As reported in October 2015, even if support costs were able to be reduced to 50% across the entire Council, this would deliver no more than £10m to £12m in total and, while part of the solution, will not, in itself, solve the Council's overall financial position.

7.6.2. As reported to Cabinet on 27 April and 11 May 2016, a Digital Transformation Programme is currently being drawn up to final business case by the ICT Project Team and will form a cornerstone of the Council's drive for improved efficiency within service delivery. The timetable for consideration and approval of the digital transformation programme is referred to in Table 3 above. The next financial strategy to Cabinet will detail the financial implications for approval by Council.

## **8. Performance Management Scrutiny Committee/ Task and Finish Group**

- 8.1. The Budget 2016/17 Task and Finish Group recommended that Scrutiny should be involved in the budget setting process at an earlier stage than it had been previously. This recommendation was agreed by Cabinet at their meeting of the 10 February 2016
- 8.2. To enable scrutiny to have earlier involvement in the budget setting process and provide meaningful comment on the savings proposals and potential alternatives, a Budget Setting Task Group is to be established.
- 8.3. Performance Management Scrutiny Committee considered and approved the Terms of Reference for the Task Group when they met on 11 May 2016.

## **9. Adult Services – Growth Projections**

- 9.1. The current resource projections include significant growth for Adults. Although this is being managed in 2016/17, it can be seen from Table 4 above that the gap identified after including all the current projections for Adults Growth requires the use of all the Council's one off funding and at the present time it is not possible to set a balanced budget for 2017/18 and beyond after taking account of this.
- 9.2. A significant amount of work has already been undertaken to understand the drivers and implications of the Adult Services growth projections. At this point in time there is insufficient evidence to suggest that the initial projections (produced in February 2016) should be materially altered. On this basis it is sensible to continue to plan using these original projections

and to assume that the estimated gap for future years is retained until a definitive update is available. Cabinet will receive an update on this work in the next financial Strategy Report to Cabinet in July.

- 9.3. The service continues to review budget expenditure on a monthly basis and scrutinises care package spend on a weekly basis.

## **10. Adult Services – Social Care System Replacement**

- 10.1. Cabinet Agreed on 27 April 2016 an approach to replace the current Adult and Children's Services Social Care IT System. The funding package for the required investment was detailed in the April report and included the use of uncommitted Adult Social Care Grant, the use of prudential borrowing financed by efficiency savings and potentially making use of the new power available to local government around the flexible use of capital receipts for revenue expenditure. To exercise this power Council approval will be required as part of the Financial Strategy report. Following further work to determine the exact amount required from each of the funding sources considered, the final funding package will be recommended for Council approval.

## **11. Adult Services - Personal Budget Contributions Policy**

- 11.1. The Personal Budget Contribution Policy for 2016/17 was approved by Council on 25 February 2016 as part of the Income Review of Fees and Charges for 2016/17 Report. Since the policy was agreed there have been some changes to way the Minimum Income Guarantee (MIG) can be calculated which affects the level of the contribution levied and the income to the Council. More detail is provided below.
- 11.2. When a financial assessment is made for non-residential services, the MIG is the amount that a citizen must be left with to pay for everyday living costs. This amount varies according to age, relationship status and level of disability-related benefits awarded. Prior to April 2015, LAs applied this by adding a 25% buffer to specific components of a citizen's actual income or entitlement. This meant that for every £1 increase in their welfare benefits, they would still be better off by 25 pence.
- 11.3. From April 2015 the MIG has been determined by Government statute. The DoH has frozen this for 2016, but has increased the basic state pension and means-tested Pension Credit. Applying the MIG to the increased allowances for these older people will mean that the entirety of their increase will be taken as an increase in their contribution. For a single pensioner this will mean an increase of £4.60 in their weekly contribution,

for a member of a couple, it will be an increase of £3.35. An alternative, pursued by 5 councils to date, is of increasing the MIG in line with the standard practice of the 25% buffer. This causes a drop in contributions of £0.90 a week for a single pensioner, £0.82 for one of a couple.

- 11.4. The late notification of the MIG by the government means that any decision to increase contributions will lead to a delay in the notification to the citizen of about 2 months. To prevent backdated increases exacerbating the situation, the Council asks that the increase be brought in from 23 May 2016. This date ties in with the fixed 4-weekly billing runs.
- 11.5. An approximate breakdown of non-residential Service Users produces the following financial outcome: Keeping the existing MIG (as per LA circular) would create an additional £300k in income in the year. This would be in accord with the Appendix 1, para 1.3 of 'Income Review of Fees and Charges', presented to Council on 25 February 2016. The alternative, to increase in line with the 25% buffer, would be a reduction of £70k in contributions in a year. Given the Council's financial situation, it is recommended that the existing MIG is kept.

## 12. Multi Year Settlements and Efficiency Plans

- 12.1. On 17<sup>th</sup> December, as part of the Draft Local Government Finance Settlement it was announced that multiyear settlements could be agreed subject to local authorities producing Efficiency plans.
- 12.2. Detailed below is an extract from a letter to local Authorities from the Secretary of State for Local Government and Communities dated 10 March 2016.

"I do not intend to provide further guidance on what efficiency plans should contain – they should be locally owned and locally driven. But it is important that they show how this greater certainty can bring about opportunities for further savings. They should cover the full 4-year period and be open and transparent about the benefits this will bring to both your council and your community. You should collaborate with your local neighbours and public sector partners and link into devolution deals where appropriate.

Of course this offer is entirely optional. It is open to any authority to continue to work on a year-by-year basis, but I cannot guarantee this minimum offer to those who do not accept.

I have already seen how much the sector has welcomed this move and I look forward to a strong response. For any further queries, please contact officials at the above address"

12.3. The conditions for multi-year settlements are detailed in Appendix 4

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

Financial Strategy 2016/17 – 2018/19 – Cabinet 27 January 2016  
Financial Strategy 2016/17 – 2018/19 – Cabinet 17 February 2016  
Review of Fees and Charges 2016/17 – Cabinet 17 February 2016

**Cabinet Member (Portfolio Holder)**

Malcolm Pate

**Local Member**

All

**Appendices**

Appendix 1 – Resource Projections  
Appendix 2 – Expenditure Projections  
Appendix 3 – 2017/18 and 2018/19 Savings  
Appendix 4 – Conditions for Multiyear Settlements

Cabinet 18<sup>th</sup> May 2016; FINANCIAL STRATEGY 2017/18 – 2018/19

APPENDIX 1					
Projections of Resources - 2016/17 to 2019/20					
	2016/17	2017/18	2018/19	2019/20	Notes
	FINAL £	INITIAL £	INITIAL £	INITIAL £	
RSG	31,565,931	20,447,511	13,301,166	6,119,050	As in the Local Government Finance Settlement, Final 4 February 2016.
Business Rates Allocation					
Locally Retained Business Rates	38,746,737	39,447,278	40,160,485	40,886,586	Estimate from NNDR1 form for 2016/17 - 49%. Future years , growth of 0.8% and multiplier increase of 1% pa
Estimated Reduction in BRs from Budget Announcement (see below s31 Grants)		-3,860,000	-3,860,000	-3,860,000	
Top up Grant	10,119,908	10,318,949	10,623,367	10,962,908	As in the Local Government Finance Settlement, Final 4 February 2016.
<i>Council Tax taxbase</i>	<i>104,912.48</i>	<i>105,751.78</i>	<i>106,597.79</i>	<i>107,450.57</i>	<i>Taxbase increase 0.8% pa</i>
<i>Council Tax</i>	<i>1,211.19</i>	<i>1,259.52</i>	<i>1,309.77</i>	<i>1,362.03</i>	<i>3.99% increase per year</i>
Council Tax Income	127,068,947	133,196,482	139,618,587	146,350,900	
Council Tax Collection Fund	2,987,003	500,000	500,000	500,000	
Business rates Collection Fund	-5,961,407	-500,000	-500,000	-500,000	
<b>Net Budget</b>	<b>204,527,118</b>	<b>199,550,220</b>	<b>199,843,605</b>	<b>200,459,444</b>	
<b>Grants included in Core Funding</b>					
Improved Better Care Fund		216,823	4,328,805	8,153,519	
New Homes Bonus	9,219,280	9,269,560	5,783,460	5,544,780	
Rural Services Delivery Grant	6,573,303	5,307,636	4,082,797	5,307,636	
Transition Grant	575,652	585,686			
s31 Business Rates Grants		3,860,000	3,860,000	3,860,000	
	16,368,235	19,239,705	18,055,062	22,865,935	
<b>Core Funding</b>	<b>220,895,353</b>	<b>218,789,925</b>	<b>217,898,667</b>	<b>223,325,379</b>	
<i>Excluding Collection Funds for smoothing</i>	<i>223,869,757</i>	<i>218,789,925</i>	<i>217,898,667</i>	<i>223,325,379</i>	<i>As measured by Government</i>
		-2.27%	-0.41%	2.49%	<i>Year on year change</i>
				-544,378	
				-0.24%	<i>Change over the 4 year period</i>
<b>Local Income</b>					
Fees and charges	60,900,260	66,080,165	71,371,297	74,573,557	
Other Grants and contributions	32,619,780	32,619,780	32,619,780	32,619,780	
Specific Grants (excluding Core Funding Grants above)	239,871,115	239,571,625	235,459,668	231,634,955	
Internal Recharges	11,090,250	11,090,250	11,090,250	11,090,250	
Total Income outside of Core Funding	344,481,405	349,361,820	350,540,995	349,918,542	
<b>Gross Budget</b>	<b>565,376,758</b>	<b>568,151,744</b>	<b>568,439,661</b>	<b>573,243,921</b>	
<i>Gross Budget excluding Collection Funds</i>	<i>568,351,162</i>	<i>568,151,744</i>	<i>568,439,661</i>	<i>573,243,921</i>	
<i>FS 25 Feb</i>	<i>565,376,758</i>	<i>568,151,744</i>	<i>568,439,661</i>	<i>573,243,921</i>	
	0	0	0	0	

Cabinet 18<sup>th</sup> May 2016; FINANCIAL STRATEGY 2017/18 – 2018/19

Projections of Expenditure - 2017/18 and 2018/19	APPENDIX 2		
	2016/17 FINAL £	2017/18 INITIAL £	2018/19 INITIAL £
<b>Original Gross Budget Requirement</b>	576,378,810	596,902,316	616,120,791
<b>Inflationary Growth</b>			
<b>PAY</b>	1,991,292	1,597,392	1,613,332
<b>PRICES</b>	5,006,995	2,411,736	2,595,592
<b>Pensions</b>	0	0	0
<b>Demography</b>	21,877,515	13,413,035	13,423,082
<b>National Government Policy changes</b>			
NI	2,000,000		
Minimum Living Wage	1,000,000	1,000,000	1,000,000
Apprenticeships	500,000		
Debt charges	1,000,000		
<b>Grant loss/ grant rolled into Base funding</b>	1,970,870		
<b>Specific Grants Changes between years</b>	2,492,253	-1,288,024	-5,296,603
<b>Income Changes</b>	-10,079,103		
All other changes in 2016/17	-7,236,317	2,084,336	
	596,902,316	616,120,791	629,456,194

## Appendix 3

Analysis of Savings Proposals		
Green	2017/18	2018/19
	£	£
Adults	0	0
Childrens	-1,157,500	0
Commissioning	0	0
Public Health		
Resources and Support	-1,496,045	1,535,434
	<b>-2,653,545</b>	<b>1,535,434</b>
<b>Amber</b>		
Adults	0	0
Childrens	-2,600,030	-409,245
Commissioning	-3,463,070	-455,000
Public Health	-228,849	-250,848
Resources and Support	-509,546	-1,543,158
	<b>-6,801,495</b>	<b>-2,658,251</b>
<b>Red</b>		
Adults	-4,023,866	0
Childrens	-2,104,543	-2,413,623
Commissioning	-7,190,580	-3,913,680
Public Health		
Resources and Support	-2,030,000	-1,090,000
	<b>-15,348,989</b>	<b>-7,417,303</b>
<b>Total Savings Identified</b>	<b>-24,804,029</b>	<b>-8,540,120</b>





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.
			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		

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	Refuse collection and recycling	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	Concessionary Bus Fares	3,638,610	85,750	0	3,724,360	87,890	0	3,812,250	
M03	Commissioning - Highways and Transportation / Simon	Highway maintenance and street cleansing	9,683,850	0	0	Savings proposed for 2018/19 are RAG rated RED				
M04	Commissioning - Planning, Regulatory Services and Environment / Mal Price	Flood Defence Levies	120,410	2,410	0	122,820	2,460	0	125,280	
M05	Commissioning - Planning, Regulatory Services and Environment / Mal Price	Environmental health, planning and trading standards	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	Highways management, maintenance and street cleansing	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	Planning Policy	355,190	5,000	0	360,190	5,000	0	365,190	
M08	Commissioning - Leisure and Culture / Stuart West	Parks, countryside and rights of way	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	Archives	221,470	5,000	0	226,470	5,000	0	231,470	
M10	Commissioning - Corporate Sup	Commissioning directorate management team and support functions	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	Public transport - Council Delivery	531,980	2,000	-250,000	283,980	2,000	0	285,980	Redesign of functional areas
M12	Commissioning - Business and Economy / Steve Charmley	Economic growth and business support	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	Leisure centres, swimming pools and sports development	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	Theatre services	116,030	-12,080	-103,950	Savings proposed for 2018/19 are RAG rated RED				Increases in income
M15	Commissioning - Rural Services and Communities /	Community development	214,940	0	-214,940	0	0	0	0	Redesign of functional areas
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		

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	SMB	-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	QICS PFI Unitary Charge	1,573,742	31,475	0	1,605,216	32,104	0	1,637,321	
R03	Resources and Support / Malcolm Pate	Balance - Living Wage/Apprenticeship Levy/NI	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	Revenues and Benefits	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	Pensions	-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	Other Finance/audit/risk/treasury teams	-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	Provisional Settlement Adjustment	-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	Schools Finance	-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	HR Advice	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	Employment Services	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	Occupational Health & First Aid	-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	Health & Safety	-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	Legal Cttee and democratic	-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	Elections	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	Legal child Care	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	Partnership/VCSA	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	Complaints Team	-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	Strategy and Planning other	-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	IT	-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	Benefits	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	Print & Mail	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	Customer Services	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	Other Customer services	-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	Corporate Landlord	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	Property Specialists	-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	Other property services	-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	Non Distributable costs and other Corporate	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	Shire Services	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	Other	-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.
<b>Total</b>			-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		
				<b>Total Savings</b>	<b>-2,005,591</b>		<b>Total Savings</b>	<b>-7,724</b>		

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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			Saving 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 Academies 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 Academies 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.
<b>Total</b>			<b>49,641,814</b>	<b>1,393,884</b>	<b>-14,884,049</b>	<b>62,207,908</b>	<b>888,123</b>	<b>-7,317,303</b>	<b>47,242,986</b>	
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		
					<b>Total Savings</b>	<b>-14,884,049</b>		<b>-7,317,303</b>		

Please contact James Walton on 01743 255011

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## **Annex**

### **Conditions of the multi-year settlement**

The Government will offer any council that wishes to take it up a four-year funding settlement to 2019-20. This includes:

- Common Council of the City of London
- London borough councils
- district councils
- county councils
- Council of the Isles of Scilly
- Greater London Authority
- metropolitan county fire and rescue authorities
- combined fire and rescue authorities.

The Government is making a clear commitment to provide minimum allocations for each year of the Spending Review period, should councils choose to accept the offer and if they have published an efficiency plan.

### **What the offer includes**

On 9 February we provided summaries and breakdown figures for each year to your s151 Officer. From those figures the relevant lines that are included in the multi-year settlement offer, where appropriate, are:

- Revenue Support Grant;
- Transitional Grant; and
- Rural Services Delivery Grant allocations.

In addition, tariffs and top-ups in 2017-18, 2018-19 and 2019-20 will not be altered for reasons related to the relative needs of local authorities, and in the final year may be subject to the implementation of 100% business rates retention.

The Government is committed to local government retaining 100% of its business rate revenues by the end of this Parliament. This will give them control over an additional £13 billion of tax that they collect.

To ensure that the reforms are fiscally neutral local government will need to take on extra responsibilities and functions. DCLG and the Local Government Association will soon be publishing a series of discussion papers which will inform this and other areas of the reform debate.

The new burdens doctrine operates outside the settlement, so accepting this offer will not impact on any new burden payments agreed over the course of the four years.

The Government will also need to take account of future events such as the transfer of functions to local government, transfers of responsibility for functions between local authorities, mergers between authorities and any other unforeseen events. However, barring exceptional circumstances and subject to the normal statutory consultation process for the local government finance settlement, the Government expects these to be the amounts presented to Parliament each year.