



<u>Committee and Date</u>	<u>Item</u>
Cabinet	
28 September 2016	
12:30pm	<u>Public</u>

FINANCIAL STRATEGY 2017/18 – 2019/20

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1. Summary

This report is the third financial strategy report in 2016/17 and provides an update on the Council's proposals to manage its financial position for 2017/18 and beyond.

Our approach is to manage the considerable uncertainty in Local Government Finance by ensuring we understand long term consequences of decisions we take at a local level in the short term. The uncertainty in finances shows no sign of resolution in the short to medium term. Clarity on the implications for Local Government, and Shropshire Council, of 100% local business rate retention, changes in responsibilities including Academisation, devolution and the EU Referendum decision will not be forthcoming for some time yet. Our plan, therefore, is to continue to refine the Council's Sustainable Business Model and work towards its delivery over the medium to long term, understanding that this plan is currently modelled on many assumptions and unknowns, including the uncertainty already described.

In the meantime, we will continue to review every available option to deliver a balanced budget in the short term, taking account of the implications of these short term decisions over the medium term. This approach will enable our planning to take into account future uncertainties as they begin to be resolved and clarity is provided.

The plan over the short to medium term, therefore, is to balance the delivery of a sustainable financial model for the Council (i.e. balancing the books) against the necessity to deliver strong and valued local services (i.e. meeting needs). We plan to achieve this by delivering on-going reductions in our spending in areas that we consider are achievable and acceptable, and to mitigate against other reductions and cuts in the short term by utilising one-off resources.

The Financial Strategy will continue to be developed within the Council's wider strategic ambitions as set out in the emerging Draft Corporate Plan as approved by Council on 21 July 2016. Future iterations of the Financial Strategy will be

built around the Corporate Plan framework. Proposals developed within this framework will identify performance proposals formulated alongside financial targets within the following high level outcomes:

- Healthy People
- Resilient Communities
- Prosperous Economy
- Operation of the Council

2. Recommendations

It is recommended that members:

- A. Agree and recommend to Council the use of Core Grants and other short and medium term resources to provide a balanced budget for 2017/18 and reduced funding gap in 2018/19 (as set out in Table 3)
- B. Note that to achieve a balanced budget without further Red RAG Rated Savings proposals being implemented will require the allocation of over £34m of short and medium term proposals over two financial years which will not reduce the size of the core funding gap in future years (still requiring £28.7m of base budget savings by 2019/20).
- C. Note that further work is being progressed over the next 12 months to deliver a Sustainable Business Model for the Council to close the Core Funding Gap and deliver a financially self-sufficient Council in the medium to long term.

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 (the highest of the Council's key strategic risks). Other risks associated with or mitigated by the setting of an approved Financial Strategy are listed below:

- ICT Provision
- ICT Digital Transformation
- Statutory Duties
- Future Funding Levels

Financial Uncertainty

- 3.2. There is a significant risk that the Council's financial position will impact on service delivery, both statutory and non-statutory 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 of savings proposals to actual changes in service delivery seen on the ground. Nevertheless, we will continue to identify proposals for service reductions that are 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 to an appropriate quality or being unable to meet the needs of the most vulnerable. The impact of the Finance Settlement (Provisional in mid-December 2016, Final in early February 2017) and the Autumn Statement (confirmed for 23 November 2016) is unknown at the present time, but could have a bearing on our medium term plans and also our ability to deliver a Sustainable Business Model in the longer term.
- 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. Given the increased uncertainty associated with the EU Referendum result, 100% business rate retention, changes in responsibilities and devolution, it would appear prudent to accept this offer.
- 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. Detailed work has been undertaken to revise the growth projections for Adult Services. This work is influenced by numerous variables which are often non controllable. 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. The risk of continued budget variances in this area have been reduced by allocating additional resources to model future spend projections and by attempting to model and identify all variables. Spending on Adults Services, however, still represents the Council's greatest risk area in terms of potential budget overspends. For this purpose, it is proposed to introduce a 'contingent budget' to reduce the risk of major variation in the short term. Additionally, the decision to utilise short-term resource in the following two financial years to mitigate and delay the impact of service reductions across the Council will enable greater time for assurance from the modelling in Adult Services Finances to be gained.

- 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 monitoring of expenditure and income and the achievement of savings targets in 2016/17 will be reported to Cabinet as part of the Quarterly Monitoring Reports to Cabinet.
- 4.2. The Quarter 1 Monitoring report was taken to Cabinet on 27 July 2016 including the following notable points:
- The projected outturn is an overspend of £1.362m, which includes savings pressures of £1.333m, one off pressures of £1.942m and on-going monitoring pressures of £2.592m all offset by alternative savings and resources of £4.505m
 - Management action will now be instigated to attempt to bring the budget back into balance but, when considering the size and complexity of the Council's overall budget, delivery of such an outturn would be considered a 'reasonable variance'
 - The projected General Fund Balance as at 31 March 2017 is £17.008m
 - Of the £23.054m savings proposed for the year, £18.811m (82%) have been delivered and rated as 'Green'. Slightly over 5% are currently rated as 'Red'.

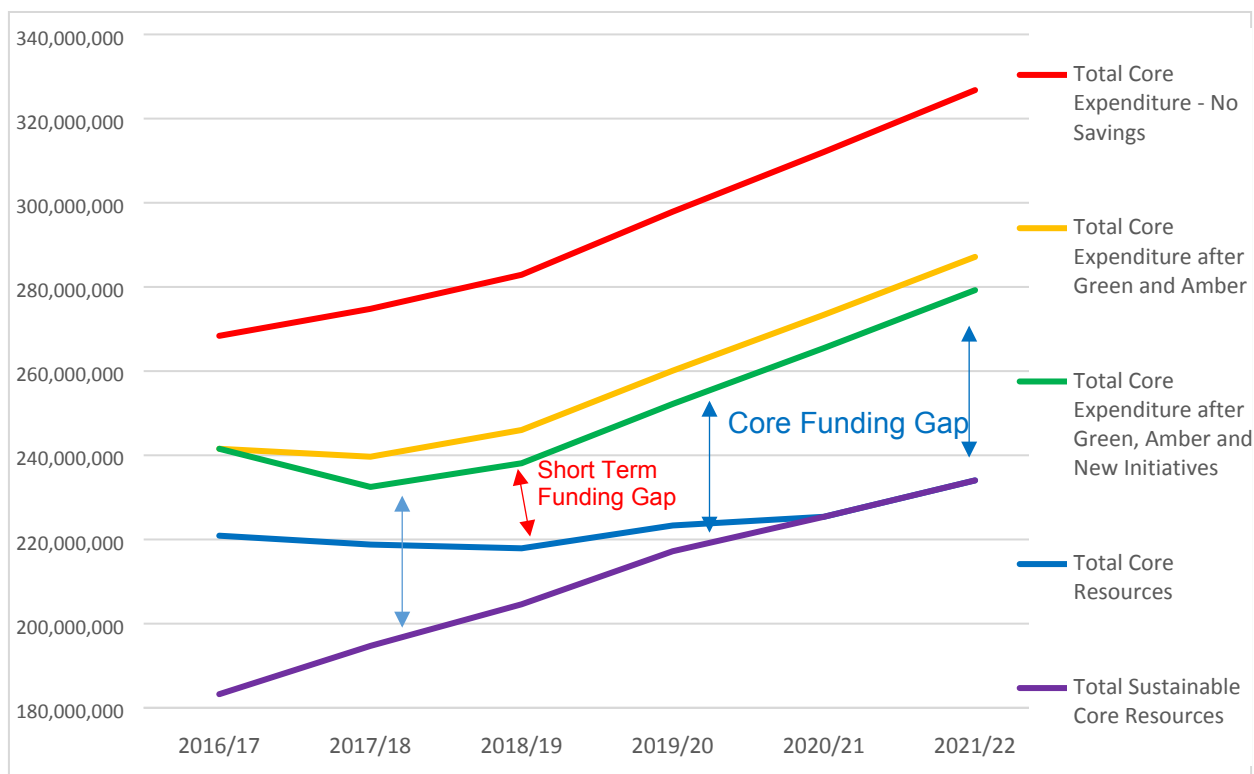
- 4.3. The projections for 2017/18 and 2018/19 currently assume all savings agreed for 2016/17 are achieved. Any underachievement of 2016/17 savings or additional pressures with ongoing financial implications will need to be adjusted for in the Council's future projections of expenditure.

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

- 5.1. Cabinet received four financial strategy reports throughout 2015/16 setting out the budget position for the Council over the three-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. On 27 January 2016 a Financial Strategy report was considered by Cabinet setting out proposals to deliver a balanced budget over the medium term planning horizon. These proposals included 'Green' and 'Amber' savings of £11.2m. In addition, the report identified £22.2m of 'Red' RAG Rated savings over the years 2017/18 and 2018/19 that required the significant reduction or potential de-commissioning of a substantial number of services across the Council.
- 5.4. Work was undertaken over the spring and early summer to review the Green and Amber savings with a view to implementation, if possible, ahead of schedule in 2016/17. Furthermore, the Red rated savings were revisited to identify what proportion of these could be delivered without serious detriment to the service involved. Finally, new proposals and other corporate initiatives were considered. Altogether this work identified a revised set of proposals that could be taken forward in the short term that would deliver on-going savings within acceptable service delivery standards.
- 5.5. On 21 July 2016 Council approved the savings identified which amounted to £18.649m in base budget. A number of these proposals could be implemented ahead of the dates initially scheduled, leading to additional (short-term) savings in 2016/17 and 2017/18.
- 5.6. The outcome of the work undertaken and the approval of the Financial Strategy by Council in July was that a funding gap still remained in the financial years 2017/18 onwards, and this gap was due to grow from £13.7m in 2017/18 to £28.7m in 2019/20.

- 5.7. Chart 1 below sets out the modelled position for Shropshire Council looking forward to 2021/22 as considered by Council on 21 July 2016. The position, as far as we are able to estimate, is that the Council has a significant funding gap that continues to grow into the future. The red line on the graph identifies projected spend before savings proposals were identified and approved by Cabinet and Council. After the application of savings proposals agreed pre-July 2016 the red line moves down to the amber line on the graph. Further proposals agreed at Council on 21 July 2016 reduces the gap, moving the amber line down to the green line.
- 5.8. The purple line on the graph shows the underlying sustainable funding projected for the Council. The blue line takes account of funding from non-sustainable sources (RSG, Transition Grant and improved RSDG).
- 5.9. The core funding gap that needs to be solved by the Council is demonstrated on the graph as the difference between the purple and green lines – this is £13.69m in 2017/18 growing to £45.2m in 2021/22. This position would be improved with confirmation that all grants contained within Core Funding were to continue indefinitely.

Chart 1: Growth Model for Shropshire Council 2016/17 to 2021/22



5.10. Proposals to close the short-term funding gap through to 2018/19 are set out in Section 8 below. Table 1 sets out the remaining timetable for this financial year.

Table 1: Timetable - 2017/18 and 2018/19 Budget

Date	Group	Details (subject to available information e.g. Settlement)
26 September 2016		Closing date for Consultation Responses: <ul style="list-style-type: none"> - Self-Sufficient Local Government: 100% Business Rate Retention - Business Rate Reform: Call for Evidence on Needs and Distribution
28 September 2016	Cabinet	Receive copy of consultation responses to Central Government. Agree and recommend to Council <ul style="list-style-type: none"> - Proposals to balance 2017/18 and 2018/19 budget using one-off funds and short term proposals, that will not contribute to closing the Core Funding Gap.
9 November 2016	Cabinet	Receive Revenue and Capital Monitoring Reports for Quarter 2 2016/17. Consider latest information on Resource and Expenditure Projections and savings for 2017/18 and 2018/19 as necessary
23 November 2016		Chancellor of the Exchequer Autumn Statement due
15 December 2016	Council	Approve Proposals to balance 2017/18 and 2018/19 budget using one-off funds and short term proposals, that will not contribute to closing the Core Funding Gap.
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 Provisional 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 Revised Projections of Resources and Expenditure

- 6.1. There has been one substantial amendment to the projections of resources and expenditure approved by Council on 21 July 2016. This amendment increases the funding gap in 2017/18 by £2m due to a twelve-month delay in the implementation of one saving proposal as described in paragraph 6.2 below. The funding gap returns to the previously reported level, however, in 2018/19 as shown in Table 2 below.
- 6.2. Following discussions with DEFRA, it has become clear that implementation of a subscribed garden waste service will now not be practical before Spring 2018. It is, therefore, necessary to delay the associated saving until at least the 2018/19 financial year. DEFRA have notified Shropshire Council that they will wish to carry out a review of the project and the PFI funding arrangements currently in place before ministers take a decision on whether to reduce the associated Waste Infrastructure Credits that are paid to Shropshire Council. Before this review can be carried out, Shropshire Council and Veolia will need to work up detailed proposals for submission to DEFRA, and the process of submission and DEFRA review may take several months. Following DEFRA's decision on any reduction to the current Waste Infrastructure Credits, Shropshire Council will then assess the net financial benefit of the proposed scheme in order to agree next steps.

Table 2: Resource and Expenditure Projections 2017/18 to 2019/20

	2016/17	2017/18	2018/19	2019/20
	£	£	£	£
Resources	568,865,018	563,198,776	559,272,590	562,078,935
Expenditure	<u>589,515,376</u>	<u>579,588,531</u>	<u>579,483,279</u>	<u>590,739,832</u>
Gap- in year	<u>-20,650,357</u>	<u>-16,389,756</u>	<u>-20,210,689</u>	<u>-28,660,897</u>

7. Balancing 2017/18 and 2018/19 Budget

- 7.1. The Financial Strategy was approved by Council on 21 July 2016 setting out savings proposals to balance the budget for the period 2016/17 to 2018/19. A core funding gap still remained in the financial years 2017/18 onwards, and this gap was due to grow from £13.7m in 2017/18 to £20.2m in 2018/19. In addition to this the cost of the election has been included within the 2017/18 of £700,000, and the impact of a delayed saving to extend the funding gap to £16.4m in 2017/18 and this is then reversed out in 2018/19 to maintain the gap of £20.2m. As no further proposals were being taken forward at this time to manage this funding gap on an on-going

basis, it was anticipated that the funding gap would grow to £28.7m by 2019/20, and continue to grow in future years.

- 7.2. Over the summer period officers and Members have considered options for the closure of the funding gap in 2017/18 and 2018/19 utilising one-off and short term resources. To meet this requirement £36.6m of resource needed to be identified. Table 3 below sets out the proposals identified to deliver a balanced budget over the medium term (to 2018/19). Due to the recent identification of a delay in delivering a £2m saving from 2017/18 to 2018/19 it has not yet been possible to identify a balanced budget over two years. It has been possible to re-phase one-off resources to ensure that the 2017/18 financial year remains balanced, but this only manages to shift the £2m gap back to 2018/19 and further work will be necessary to find a balance for this over the autumn period.

Table 3: Short Term Proposals to deliver a balanced budget in 2017/18 and 2018/19

	2017/18 (£'000)	2018/19 (£'000)
Funding Gap	(16,390)	(20,211)
Use of One-Off Grants (Including Core Grants):		
Rural Services Delivery Grant (Settlement)	(2,858)	(4,083)
Improved RSDG (Final Settlement)	(2,450)	0
Transition Grant	(586)	0
New Homes Bonus	(4,270)	(783)
Improved Better Care Funding	(217)	(4,329)
Applying existing savings proposals that can be achieved more quickly and therefore brought forward	(890)	(9)
Delivering anticipated and managed underspends	(960)	0
Freeing up of earmarked reserves	(4,160)	(1,011)
Allowing for collection fund adjustments	0	(2,100)
Carrying forward unapplied Adult Services Contingent Budget	0	(2,500)
Use of Redundancy Reserve and fund instead through powers to use Capital Receipts for Revenue	0	(3,395)
	(16,390)	(18,211)

- 7.3. It is important to note that should any of the base budget savings proposals already approved by Council not be progressed this will result in the core funding gap increasing, reducing the Council's sustainability and requiring identification of further one-off funds to temporarily balance the budget.
- 7.4. The outcome of our approach, however, is that the majority of the proposals put forward in February 2016 which had been RAG Rated as Red savings proposals will not have to be delivered for the 2017/18 financial year. In practice this means that the majority of these proposals will not need to be considered for implementation until 1 April 2018. Unfortunately, due to the remaining uncertainty over the budget, and the funding gap of £2m that remains in 2018/19, it is not possible to consider a delay beyond the 1 April 2018 date at the present time.
- 7.5. The Financial Strategy assumes a 3.99% Council Tax increase in every year going forward. This is presumed to be the maximum increase allowed without having to hold a referendum. If this planning assumption were changed, the core funding gap would alter accordingly.
- 7.6. Shropshire County Pension Fund undergoes an actuarial valuation on a three-year cycle, the latest exercise being undertaken as at 31 March 2016. The results of this valuation are due to be available later in the year for implementation within the financial years 2017/18 to 2019/20. The previous valuation, as at 31 March 2013, estimated that the pension fund was 76% funded and a 25 year recovery period was approved for repayment of the estimated deficit. A deficit repayment budget had previously been established within Shropshire Council's base budget alongside employer's contribution budgets for all staff within the Pension Scheme. No significant overall amendments were necessary to these budgets in the previous Financial Strategy as a result of the 2013 valuation (i.e. from financial years 2014/15 to 2016/17 and this has enabled savings to be delivered against our original assumptions). Once the current 2016 valuation results are known, it will be possible to understand the implications for the Council's budget requirements from 2017 onwards. At this stage no base budget adjustment has been built into the Financial Strategy for an increase or reduction in contributions to the Pension Fund over the medium term financial planning period (2017/18 to 2019/20). As a contingency, however, and ahead of 2016 valuation results being built into base budget within a revised Sustainable Business Model established from 2019/20 onwards, short-term resource (based on internal estimates) has been ring-fenced for the financial years 2017/18 and 2018/19. This approach should ensure there are no short-term, unintended consequences as a result of pressure

to increase Council contributions to the Pension Fund. Should this contingency not be required, it would be freed up to help provide investment funds or enable further phasing of savings proposals from 2017/18 onwards.

- 7.7. Through the establishment of a Council Corporate Plan, the authority will set out its strategic direction and establish a roadmap to deliver its priority outcomes for Shropshire. The Financial Strategy will sit alongside the Corporate Plan and identify the financial implications and approach to its delivery. The Corporate Plan is currently in its initial draft state and medium term action plans, to help deliver priority outcomes, are being established and refined. This work will continue into the next financial year and, by necessity, will be guided by the next Council elections in May 2017. In addition, the plan will need to consider increased clarity around national fair funding and 100% local business rate retention, once this becomes available.
- 7.8. In the meantime, officers of the Council will continue to refine the Corporate Plan as well as update and refresh complimentary strategy documents to ensure they fit with the local and national picture as it develops over the next 12 to 24 months. This work will focus on the following key themes which underpin the current agreed direction for the Council:
- Understanding and reducing growth in Adult Services spend. This will involve close alignment of our work with our partners, maximising prevention initiatives and exploiting technology development. Adult Services will continue to be our biggest financial pressure and our largest single expenditure area in the future. For this reason, these services must remain our priority, ensuring we manage the provision we commission and the resources we deploy appropriately.
 - Developing a commercial culture within the Council. Many lessons have been learnt over recent years and opportunities to review the entire Council culture and approach to service delivery will be taken over the next 18 months.
 - Working with our partners in Town and Parish Councils to consider future provision of services with a view to safeguarding or enhancing local delivery. A change in approach, as requested by our partners, was signalled in the July 2016 Financial Strategy. This change focussed on short-term resource identification, in-line with Government recommendations and their funding approach, and thereby ensured more time would be available to enable a more considered approach to this process. The added benefit of this

approach is that future decisions will be based on a better understanding of national changes to funding methodology. For example, a successful outcome for Shropshire in relation to the way in which Adult Services is funded nationally could create a more viable environment for the continuation of other, non-statutory services, in whatever form they are delivered.

- Development of a new Asset and Capital Strategy for the Council, linking the community benefits of a revised capital programme to focus on two key themes; return on investment and revenue impact. Rationalisation of our estate, and relating this to the Council's emerging Digital Strategy, will enable appropriate capital development funding to be established and maximum benefit derived from the assets we hold into the future.

- 7.9. A balance must be struck between making decisions purely on a financial basis which may have unintended and unwanted operational impacts on service delivery; or instead focussing entirely on our ambitions to deliver quality and valued services which we do not have the funding to provide on a sustainable basis in the longer term.
- 7.10. Our approach is to acknowledge our financial position, try to minimise short-term decision making on a purely financial basis and create the conditions to enable the Council to meet as many of its key strategic outcomes in the long term, within a self-sufficient financial model. In practice, this means using one-off funding in the short to medium term to enable the time and space to deliver a Sustainable Business Model in the longer term.
- 7.11. A consultation has been launched by Central Government entitled Self-sufficient local government: 100% business rates retention. The closing date for this consultation is 26 September 2016 and is still being finalised at the time of writing this report. As a consequence, the Council's response will be added as an Appendix to this report, but will be sent out to follow the main report.

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

Financial Strategy 2017/18 - 2018/19 – Cabinet 18 May 2016

Financial Strategy 2016/17 – 2018/19 – Cabinet 17 February 2016

Cabinet Member (Portfolio Holder)

Malcolm Pate

Local Member

All

Appendices

Appendix 1 – Resource Projections

Appendix 2 – Expenditure Projections

Appendix 3 – Consultation Response (To Follow - Due 26 September 2016)

Appendix 1

Projections of Resources - 2016/17 to 2019/20

	2016/17 FINAL £	2016/17 SEPT £	2017/18 SEPT £	2018/19 SEPT £	2019/20 SEPT £	Notes
RSG	31,565,931	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	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	10,119,908	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>104,912</i>	<i>105,752</i>	<i>106,598</i>	<i>107,451</i>	<i>Taxbase increase 0.8% pa</i>
<i>Council Tax</i>	<i>1211.19</i>	<i>1211.19</i>	<i>1259.52</i>	<i>1309.77</i>	<i>1362.03</i>	<i>3.99% increase per year</i>
Council Tax Income	127,068,947	127,068,947	133,196,482	139,618,587	146,350,900	
Council Tax Collection Fund	2,987,003	2,987,003	500,000	500,000	500,000	
Business rates Collection Fund	-5,961,407	-5,961,407	-500,000	-500,000	-500,000	
Net Budget	204,527,118	204,527,118	199,550,220	199,843,605	200,459,444	
Grants included in Core Funding						
Improved Better Care Fund			216,823	4,328,805	8,153,519	
New Homes Bonus	9,219,280	9,219,280	9,269,560	5,783,460	5,544,780	
Rural Services Delivery Grant	6,573,303	6,573,303	5,307,636	4,082,797	5,307,636	
Transition Grant	575,652	575,652	585,686	0	0	
s31 Business Rates Grants			3,860,000	3,860,000	3,860,000	
	16,368,235	16,368,235	19,239,705	18,055,062	22,865,935	
Core Funding	220,895,353	220,895,353	218,789,925	217,898,667	223,325,379	
<i>Excluding Collection Funds for smoothing</i>	<i>223,869,757</i>					
Local Income						
Fees and charges	60,900,260	65,394,230	62,132,906	63,209,935	64,414,281	
Other Grants and contributions	32,619,780	32,594,170	32,594,170	32,594,170	32,594,170	
Specific Grants (excluding Core Funding Grants above)	239,871,115	238,527,565	238,228,075	234,116,118	230,291,405	
Internal Recharges	11,090,250	11,453,700	11,453,700	11,453,700	11,453,700	
Total Income outside of Core Funding	344,481,405	347,969,665	344,408,851	341,373,923	338,753,556	
Gross Budget	565,376,758	568,865,018	563,198,776	559,272,590	562,078,935	

Appendix 2

Projections of Expenditure - 2017/18 and 2018/19

	2016/17 FINAL £	2016/17 ADJUSTED £	2017/18 JULY £	2017/18 SEPT £	2018/19 JULY £	2018/19 SEPT £	2019/20 JULY £	2019/20 SEPT £
Original Gross Budget Requirement	576,378,810	576,378,810	589,515,376	589,515,376	576,888,531	579,588,531	579,483,279	579,483,279
Inflationary Growth								
PAY	1,991,292	1,991,292	1,361,007	1,361,007	1,166,054	1,166,054	996,311	996,311
PRICES	5,006,995	5,006,995	1,861,804	1,861,804	1,669,604	1,669,604	1,717,763	1,717,763
Pensions	0	0	0	0	0	0	0	0
Demography	21,877,515	21,877,515	824,076	824,076	6,999,013	6,999,013	7,556,318	7,556,318
National Government Policy changes								
NI	2,000,000	2,000,000						
Minimum Living Wage (included in pay and prices for adjusted)	1,000,000	1,000,000						
Apprenticeships	500,000	500,000						
Debt charges	1,000,000	1,000,000						
Elections				700,000		-700,000		
Grant loss/ grant rolled into Base funding	1,970,870	1,970,870						
Specific Grants Changes between years	2,492,253	2,492,253	-1,288,024	-1,288,024	-5,296,603	-5,296,603	986,161	986,161
Income Changes	-10,079,103	-10,079,103						
All other changes in 2016/17	-7,236,317	-7,236,317	2,084,336	2,084,336				
Adjustment to Gross budget offset by Income changes		3,488,260						
Add Savings carried forward from 2015/16 to be achieved		15,961,130						
Deduct ongoing Savings - 2016/17		-26,836,330						
Deduct ongoing Savings - 2017/18			-7,762,349	-5,762,349				
Deduct ongoing Savings - 2018/19					-901,078	-2,901,078		
Adjust for Reduction to offset income reduction			-444,000	-444,000	-320,242	-320,242		
Corporate Base Budget Savings			-5,868,481	-5,868,481				
Red Savings Deliverable			-2,729,213	-2,729,213	-590,000	-590,000		
New Savings Proposals			-666,000	-666,000	-132,000	-132,000		
	596,902,316	589,515,376	576,888,531	579,588,531	579,483,279	579,483,279	590,739,832	590,739,832

Appendix 3

To Follow