



<u>Committee and Date</u>	<u>Item</u>
Cabinet	
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FINANCIAL STRATEGY 2019/20 – 2023/24

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1. Summary

- 1.1 The Financial Strategy report sets out the financial plans for Shropshire Council for the planning period 2019/20 through to 2023/24. The key focus of this document, however, is the setting of the 2019/20 budget. The 2019/20 Financial Year represents the final year of the four year settlement designed by government to provide some financial certainty for local government from 2016/17 through to 2019/20. While this was, to some degree, welcomed by local government the decision to not extend beyond this period has now created a potential financial cliff-edge for 2020/21. There is considerable uncertainty surrounding the 2020/21 Financial Year, and beyond, due to the following changes in local government finance currently timetabled for introduction from 1 April 2020:
- 1.1.1 Fair Funding implementation – a fundamental re-evaluation of local government finance resulting in a redistribution of government and locally raised funding across local authorities based on needs and demand.
 - 1.1.2 Business Rates Retention – an expected shift from 50% local retention of business rates to 75% retention, with an equivalent reduction in grant funding and as yet unknown responsibility changes
 - 1.1.3 Full Business Rates reset – establishing a new baseline for business rates retention, reallocating growth since the previous reset in 2013.
 - 1.1.4 Comprehensive Spending Review – a process undertaken by HM Treasury to set expenditure limits across government departments and the wider public sector. The impact of this process has the potential to outweigh all other proposed changes.
 - 1.1.5 A potential further review or removal of the New Homes Bonus system, a mechanism that has helped deliver additional, albeit time-limited, funding for the Council to help offset the additional costs associated with housing growth across the county.
- 1.2 A key tactic within the Financial Strategy is to deliver a balanced budget in 2019/20, stabilising growth and maximising reserves. Such an approach will provide maximum flexibility in the build up to the 2020/21 Financial Year. It is currently expected that initial exemplifications of the 2020/21 Budget will not be available from Central Government (in the form of a provisional settlement) until the autumn of 2019, leaving only a short number of months before the budget needs to be set

by Full Council at its meeting in February 2020. Furthermore, it is likely that transitional arrangements will be implemented creating as yet unknown financial implications.

- 1.3 Council Tax in Shropshire is below the national average and a 3.99% increase is recommended for 2019/20. This increase is made up of a 2.99% general increase and 1% Social Care precept and will deliver additional funds for the Council of approximately £6.5m, helping to offset the growth in social care costs (in Children's and Adults Services) which alone amount to £12m in a single year.
- 1.4 Shropshire Council Core Spending Power for 2019/20 (the government's measure of funding available to every local authority in England), when expressed as funding per dwelling in Shropshire is significantly below the England average. If changes, resulting from the new Fair Funding mechanism, increased Shropshire's Core Spending Power to the England Average, this would result in an additional £32m funding every year.
- 1.5 The financial implications of the changes to the 2020/21 financial year significantly increases the risks around long term planning and decision making for service delivery.

2. Recommendations

2.1 It is recommended that members:

- A. Agree and recommend to Council the 2019/20 budget of £592.696m outlined in the Budget Book at Appendix 7, including the savings proposals outlined at Appendix 4.
- B. Note the changes required to the 2019/20 budget as a result of the Provisional and Final Local Government Settlement and revised business rates and collection fund estimates.
- C. Note the revised funding gap for the years 2020/21 to 2023/34.
- D. Note the continued use of the Policy for Flexibility around the use of Capital Receipts.

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).

- 3.2. 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 Equality and Social Inclusion Impact Assessments (ESIIA) and any necessary service user consultation.

4. Development of Financial Strategy

- 4.1. As a result, it was agreed by Cabinet that there would be a three stage approach to the developing the Financial Strategy this year, as summarised below:

Stage I – Resolve the 2018/19 overspend to prevent any carry forward to 2019/20

Stage II – Revise spending and savings proposals and develop an appropriate plan for bringing the 2019/20 budget back into short-term balance

Stage III – Consider plans for addressing the funding gaps in years 2-5 of the financial strategy (2020 – 2024) on a more sustainable basis

- 4.3 This Financial Strategy Report therefore focusses on Stage II of the budget setting process and considers the changes to resources and expenditure that have increased the funding gap in 2019/20.
- 4.4 It is intended that the longterm financial strategy considered in Stage III will be discussed in more detail from April 2019, when it is anticipated that further clarity on future funding levels will be established.
- 4.5 The 2019/20 Financial Year represents the final year of the four-year settlement designed by government to provide some financial certainty for local government from 2016/17 through to 2019/20. While this was, to some degree, welcomed by local government the decision to not extend beyond this period has now created a financial cliff-edge for 2020/21. Over the multi-year settlement period, core spending power (the government's own measure of funding for all local authorities in England) in Shropshire has ostensibly risen by around £20m. This increase has been funded by a £36m increase in Council Tax raised locally, offsetting a net £20m reduction in government funding. Furthermore, much of this offsetting government funding is one-off in nature and cannot be assumed will continue into 2020/21.
- 4.6. Over the multi-year settlement period the net cost of Adult Social Care, after the application of government funding initiatives such as Improved Better Care Funding and Adult Social Care Support Grant, and after taking account of the additional funding raised locally through the Adult Social Care Precept has been over £53m more than the resources available. Put another way, in 2019/20 the cost of delivering Adult Social Care is almost £36m per year more than the equivalent cost in 2015/16. This is demonstrated in the table below.

	Adult Social Care	2016/17	2017/18	2018/19	2019/20
4.7	Growth in Spend (annual)	15,077,000	6,020,170	5,435,990	8,849,730
	Improved Better Care Funding	0	216,820	4,328,800	8,153,520
	Adult Social Care Support Grant	0	1,400,051	871,140	0
	Social Care Funds (£3.775m share of £410m announced in Autumn Statement)	0	0	0	3,298,950
	Social Care Precept (annual)	2,443,412	2,662,026	4,122,723	1,481,914
	Cumulative Growth	15,077,000	21,297,170	26,733,160	35,582,890
	Cumulative Funding	2,443,412	6,641,309	14,347,101	22,081,545
	Shortfall (annual)	-12,633,588	-14,655,861	-12,386,059	-13,501,345
	Cumulative Shortfall	-12,633,588	-27,289,449	-39,675,508	-53,176,854

. A similar picture is evolving in Children's Services. Here, net growth in costs over the last two financial years has been in the order of £5.8m, with only a share of one-off funding (£0.5m) provided by the government to offset this cost in 2019/20.

- 4.8. The shortfall currently being managed within the 2019/20 financial year will continue to increase. The cost of Children's and Adults Social Care Services is expected to grow in 2020/21 by between £10m and £15m.

5. Changes to the Funding Gap since December 2018

- 5.1 Since the Financial Strategy was agreed at Cabinet on 12th December 2018, the government announced the Provisional Local Government Finance Settlement on the 13th December 2018. Within the Provisional Financial Settlement, the Government confirmed that the Revenue Support Grant would be in line with the multi-year settlement that Shropshire Council had agreed to and confirmed no amendments to core funding such as Improved Better Care Fund and the new Social Care Grant announced in the Budget. The settlement did however provide the Council with an additional £1.306m in Rural Services Delivery Grant, an increased allocation of New Homes Bonus by £0.603m and a marginal change to the Business Rate Top up grant that we receive of £0.007m. It was also announced that the Council would receive a proportion of the Business Rate Levy Account that the Government hold to fund safety net payments, as a surplus had arisen in the account for 2018/19. This funding amounted to £0.771m. These additional resources have been used to close the funding gap and release the uncommitted Digital Transformation Funding so that this can be earmarked for potential further transformational activities within the Council.

- 5.2 The Final Local Government Financial Settlement was announced on 29th January 2019 and confirmed the funding announced in the Provisional Local Government Finance Settlement outlined above. The only new area of funding provided to the Council was for Brexit preparations, where the Council will receive £105,000 in 2018/19 and 2019/20 to fund the cost implications for Brexit. The financial risks associated with Brexit are included within the calculation of the risk assessed General Fund Balance that is reported in the Robustness of Estimates and Adequacy of Reserves paper, being considered on this Cabinet's agenda. Therefore it has been agreed that this funding will be contributed towards the General Fund Balance and any costs arising from the transition will be funded from the General Fund Balance.
- 5.3 The collection fund outturn for 2018/19 has also now been estimated and is also considered on this Cabinet's agenda. This estimate provides the Council with an overall surplus of £3.367m and therefore has been incorporated into the revised Resources position detailed in Appendix 1.
- 5.4 Recent Business Rates estimates show that estimated business rates income will decrease from that projected. This is mainly due to additional reliefs and discounts being provided. Although the value of business rates collected has reduced, the value of the section 31 grant that the government provides to reimburse the Council for reliefs and discounts provided has increased and so overall this has no short term impact on the Council's financial position.
- 5.5 There have been some other minor amendments to service budgets as these have been built up which have resulted in net changes to the funding gap of £0.302m.
- 5.6 Further work has been undertaken on confirming delivery of savings proposals as outlined in Appendix 4. Much of this work has focussed on Public Health savings of which there are two elements: the implications of not spending the Public Health Grant in the way it is currently being spend, and secondly the implications of applying the grant elsewhere to ensure that all funding is spent appropriately and public health outcomes are still achieved. Examples of service areas delivering public health outcomes where grant can be applied to maintain or enhance services include mental health and wellbeing services within targeted youth support and early help work; parenting support to promote healthy lifestyles and good mental health; homelessness and housing support including supporting people initiatives.
- 5.6 The net effect of the changes outlined in paragraphs 5.1 – 5.5 on the Funding Gap for 2019/20 is a reduction of £2.089m as demonstrated in Table 1 below. Full details of income and expenditure included within the Financial Strategy are shown in Appendices 1 and 2.

Table 1: Changes to Funding Gap since 12th December Cabinet

	2019/20	2020/21	2021/22	2022/23	2023/24
	£	£	£	£	£
Gap at December 12 Cabinet	26,679,562	34,073,348	42,156,400	49,623,410	57,947,810
Changes:					
Core Grants (RSDG and NHB)	-1,916,214	-1,212,474	-1,815,154	-2,417,834	-4,042,294
Business Rates	983,701	1,001,486	1,019,593	1,038,028	1,056,795
Collection Fund Surplus	-3,367,497	0	0	0	0
Specific Grants (including increased s31 grant)	1,909,100	1,205,360	1,808,040	2,410,720	2,410,720
Other Fees & Charges and Adjustments to gross budget	301,740	175,080	46,009	-85,091	-216,192
TOTAL VALUE CHANGES	-2,089,170	1,169,452	1,058,488	945,823	-790,971
Revised Gap at February 13 Cabinet	24,590,392	35,242,800	43,214,888	50,569,233	57,156,839

6. Closing the Gap

- 6.1 As outlined above, the additional funding announced in the Provisional Local Government Settlement will now be used to close the funding gap. The Council had previously indicated that it would use any underspend arising from the Digital Transformation Programme (DTP) towards the funding gap rather than use this for a second phase of Transformational activities to deliver further revenue savings. However, the Council plans to use the changes to resources highlighted above instead and so can reallocate the DTP underspend to be used for its original purpose.
- 6.2 It has also been agreed that any further resources available, over and above reimbursing the DTP will be used as a contribution towards the Financial Strategy Reserve. Given the significant funding gap that develops over the next four years, the Council is anticipating that it will need to utilise Earmarked Reserves in the interim to deal with the funding changes arising from the Fair Funding Review and to plan any further service savings that are required. Therefore, it is considered important that any one off funding not allocated to closing the gap, is instead committed to funding future year's funding gaps. This results in a £2.313m contribution to the Financial Strategy Reserve for 2019/20, and this along with the existing balance held in the Financial Strategy Reserve will be fully released to close the funding gap in 2020/21.
- 6.3 Table 2 below shows that the 2019/20 funding gap has now been closed by utilising the one-off funds referred to above, and the full schedule is shown at Appendix 3.

Table 2: One Off Funding Used to Close 2019/20 Funding Gap

	12-Dec-18 £	Changes £	13-Feb-19 £
Revised 2019/20 Funding Gap	26,679,562	-2,089,170	24,590,392
One Off Funding to be used:			
One off Grants:			
Rural Services Delivery grant	-5,307,640	-1,306,490	-6,614,130
New Homes Bonus - One Off	-1,606,418	-1,147,450	-2,753,868
Improved Better Care Funding	-8,153,520	0	-8,153,520
Social Care Funding - One Off	-3,775,000	60	-3,774,940
Levy Surplus Distribution	0	-771,090	-771,090
Use of Reserves:			
Earmarked Reserves - Freed up	-1,553,211	0	-1,553,211
One off Savings Identified in 2018/19 - C/f in Reserve	-1,139,774	0	-1,139,774
One off use of Cost of Investment Budget	-2,142,800	0	-2,142,800
One off DTP Underspend - c/f in Reserve	-3,001,199	3,001,199	0
Cont to Financial Strategy Reserve	0	2,312,941	2,312,941
Remaining Gap to be Funded	0	0	0

6.4 Table 3 below shows the proposed net revenue budget for Shropshire Council broken down by Service Directorate for 2019/20.

Table 3: Net Revenue Budget by Service Directorate

	2019/20 £
Adult Services	102,367,760
Children's Services	49,993,180
Corporate	-3,893,890
Finance, Governance & Assurance	2,087,250
Legal & Democratic Services	497,840
Place & Enterprise	57,860,330
Public Health	4,935,980
Strategic Management Board	280
Workforce & Transformation	-9,970
TOTAL NET BUDGET	213,838,760

7. Policy for Flexibility around the use of Capital Receipts

- 7.1. The council will continue to take advantage of the greater flexibilities around the use of capital receipts offered in the financial years 2016 to 2022 which allow the Council to utilise capital receipts generated in this period to fund the revenue costs of service reform. Any qualifying expenditure under this flexibility must be on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs or demand for services in future years. Details of the policy and previous year's utilisation of the powers are reported in Appendix 6.

8. Budget Consultation

- 8.1 The Budget Consultation was launched on 8th January 2019. It has been advertised in the Shropshire Council newsroom and via a number of social media channels. A series of infographics have been released via these channels over the duration of the consultation periodically drawing attention to the opportunity to comment. In response to previous requests, the Council has provided more detail within the consultation documents in a bid to attract more respondents. A total of 158 responses have been received to date, which is more than received in the preceding years, but still a low proportion of the population of Shropshire. Consultation remains open until 18 February 2019, and the final position will be included in the Council Report of 28 February 2019. The website link to the consultation is <https://www.shropshire.gov.uk/get-involved/2019-budget-consultation/>
- 8.2 The consultation has, so far, drawn responses from a broad cross section of the community. Of the 158 respondents 40% are male and 51% female with the remainder preferring not to say. 22% are between the ages of 45-59 and 17% between the ages of 30-44. Responses have come predominantly from local residents but also those representing a local business or commercial organisation.
- 8.3 The first question was addressing the Council's plans to raise Council Tax by 3.99% in 2019/20. 57% of those responding believed that Council Tax should be lower, 37% were in agreement with the level proposed and 6% thought that the Council should raise Council Tax further if they were able to.
- 8.4 The next sections of questions looked at the individual savings proposals and allowed respondents to say whether they agreed, disagreed or had no opinion on each saving proposal. There was general agreement across the board with savings that had been proposed however there were three savings proposals where over 50% disagreed with the proposal. The three savings (references A01, P59 and H29 respectively) are listed below:

Day Services - The outsourcing of Aquamira, Albert Road, Greenacres and Avalon	£96,700	51.11% disagreed
Increase income generated from car parks	£400,000	58.23% disagreed
Mental Health Promotion	£20,000	60.29% disagreed

- 8.5 Specific comments regarding the savings proposals were also received with the most comments (30) being received on public health savings, with the main theme being that savings in this area were short sighted and goes against the need to reduce NHS costs in the system. Other recurring comments related to the Place & Enterprise savings where people were concerned about charging for green waste collection, further comments about car park charges putting people off from visiting Shropshire centres, and concerns were raised over reducing bus subsidies when the youth and older generation are dependent on them.
- 8.6 Respondents were also asked if they wished to highlight any alternative savings proposals. 30 comments were received with varied responses, however key themes surrounded the cost of senior manager salaries, reducing unnecessary council buildings spend, and selling the shopping centres to use the money elsewhere.
- 8.7 In summary, the range of comments showed that a number of respondents had concerns over some of the proposals put forward in the budget but others also commented that the proposals were good and the opportunity to feedback was welcomed. Generally the overall feedback, while limited in number, was balanced and constructive.

9. Next Steps on the Financial Strategy for Years 2020/21 – 2023/24

- 9.1 This report provides a template for the Council's financial position over the next five financial years. Using this template, it is possible to identify a series of actions based on a number of planning assumptions in later years. Over the coming months work will continue to identify options for the future and to model these. This may include assumptions around one-off funding continuing into future years, assumptions around Business Rates Retention and responsibility changes, and the current base case refined following the 2018/19 outturn position. Any information made available by central government will also be included in our planning assumptions.
- 9.2 This work will enable the Council to deliver Stage III of the Financial Strategy process, in good time to be considered against the provisional local government settlement expected in the autumn of 2019. In the meantime, the focus for the Council needs to be on cost reduction and income generation to provide maximum financial resilience for the uncertainty of 2020/21 and beyond.
- 9.3 The focus needs to be on delivering a longer-term sustainable budget and closing the funding gap. The major uncertainty lies with the Fair Funding Formula and understanding the impact on Core Government funding previously distributed to Local Authorities. Shropshire Council currently receives Rural Services Delivery

Grant of £6.6m and Improved Better Care Fund of £8.1m which it treats as one off funding. The Financial Strategy assumptions for future years removes this funding from 2020/21 in order to prepare for the potential impact of the Fair Funding Review. However, if this funding was to continue this would be a significant contribution to closing the funding gap arising in that year.

- 9.4 The Financial Strategy assumptions in future years also anticipate that the council tax referendum level will reduce back to 2% in 2020/21, however on the basis that the 3% referendum level has been extended for a further year into 2019/20, there is the potential that council tax generated could increase by £1.57m which is the equivalent of a further 1% on Council Tax.
- 9.5 These amendments along with the permanent delivery of the savings in Highways (£5m) and Adult Services (£0.5m) that were removed in 2018/19 for a two year period, show that it would be possible to deliver a balanced budget (with the use of some reserves) in 2020/21. While this is a highly caveated suggestion, it does, nevertheless, identify a financially aspirational target for a sustainable budget that the Council can use as one of a number of planning assumptions over the life of the current parliament. This is demonstrated in Table 4 below, to include the points raised above:

Table 4: Aspirational Proposal to Deliver a Sustainable Budget in 2020/21.

	2020/21 £
Revised Funding Gap as at 13th Feb 2019	35,242,800
Government One off Funding Available in each year (if extended)	-14,767,650
Additional 1% Council Tax (if extended)	-1,571,033
Savings Proposals - permanent delivery of reversible savings	-5,500,000
Reserves	-13,404,117
Funding Gap remaining	0

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

Financial Strategy 2018/19 – 2022/23 – Council, 22nd February 2018
 Financial Strategy 2019/20 – 2021/22 – Cabinet, 4th July 2018
 Financial Strategy 2019/20 – 2022/23 – Cabinet, 12th December 2018
 Financial Strategy 2019/20 to 2021/22 – Council, 13th December 2018
 Financial Monitoring Report Quarter 3 – 2018/19 – Cabinet, 13th February 2019
 Estimated Collection Fund Outturn 2018/19 – Cabinet, 13th February 2019
 Robustness of Estimates and Adequacy of Reserves 2018-24 – Cabinet, 13th

February 2019

Cabinet Member (Portfolio Holder)

David Minnery

Local Member

All

Appendices

Appendix 1 – Resource Projections

Appendix 2 – Expenditure Projections

Appendix 3 – Funding Gap

Appendix 4 – Savings Proposals

Appendix 5 – 2018/19 Red Savings Unachievable

Appendix 6 – Policy for Flexibility around the use of Capital Receipts

Appendix 7 – 2019/20 Budget Book – TO FOLLOW

Appendix 1 – Resource Projections

	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
Council Tax	154,426,844	163,398,728	172,891,859	182,935,553	193,563,989
Business Rates:					
Business Rates Collected	40,054,924	40,779,117	41,516,404	42,267,020	43,031,208
Top Up Grant	9,870,440	9,870,440	9,870,440	9,870,440	9,870,440
RSG	6,119,050	4,079,367	2,039,683	0	0
Collection Fund:					
Council Tax	3,031,492	500,000	500,000	500,000	500,000
Business Rates	336,005	-500,000	-500,000	-500,000	-500,000
NET BUDGET	213,838,755	218,127,652	226,318,386	235,073,013	246,465,636
Grants included in Core Funding:					
Improved Better Care Fund	8,153,520	0	0	0	0
New Homes Bonus	7,753,870	8,114,910	9,046,850	8,908,560	8,908,560
Rural Services Delivery Grant	6,614,130	0	0	0	0
Social Care Grant	3,774,940	0	0	0	0
CORE FUNDING	240,135,215	226,242,562	235,365,236	243,981,573	255,374,196
Local Income					
Fees and charges (including income savings deliverable from prior years)	78,860,250	80,684,291	82,642,080	84,736,416	84,736,416
Other Grants and contributions	22,522,390	22,522,390	22,522,390	22,522,390	22,522,390
Specific Grants (excluding Core Funding Grants above)	218,875,030	213,789,620	202,019,300	201,966,950	201,919,830
Internal Recharges	7,712,950	7,712,950	7,712,950	7,712,950	7,712,950
TOTAL FUNDING	568,105,835	550,951,813	550,261,956	560,920,279	572,265,783

Appendix 2 – Expenditure Projections

	2019/20	2020/21	2021/22	2022/23	2023/24
	£	£	£	£	£
Original Gross Budget Requirement	582,151,393	592,696,227	586,194,613	593,476,843	611,489,511
Inflationary Growth :					
Pay	7,850,896	2,628,461	2,686,452	2,739,625	
Prices	2,536,576	2,781,770	3,018,772	3,048,223	3,048,226
Pensions	14,575				
Demography & Demand	13,915,537	12,757,784	14,290,156	15,813,740	14,920,933
Service Specific Pressures	298,497	9,810	10,230	10,650	11,070
Local Generated Pressures:					
Elections			700,000	-700,000	
Specific Grants Changes between years	-4,330,791	-23,266,960	-10,838,380	-190,640	-47,120
Estimated Cost of Investment - <i>Approved</i>	2,142,800	1,485,000	1,265,000	1,760,000	
Adjustment to Gross budget offset by Income changes	4,063,443				
Savings					
<i>Savings from prior years- 2018/19 - Approved</i>	<i>-19,206,570</i>	<i>-13,180</i>	<i>-3,850,000</i>	<i>-4,468,930</i>	
<i>Pay Award Savings Proposals</i>	<i>-5,315,020</i>				
<i>Remove 2018/19 Red Savings Unachievable</i>	<i>2,542,910</i>				
<i>Remove 2019/20 Red Savings Unachievable</i>	<i>14,294,300</i>	<i>-2,884,300</i>			
<i>New Savings - Innovation</i>	<i>-4,520,010</i>				
<i>New Savings - Income Generation</i>	<i>-1,025,000</i>				
<i>New Savings - Service Cuts</i>	<i>-770,000</i>				
<i>New Savings - Transformation</i>	<i>-1,947,310</i>				
TOTAL EXPENDITURE	592,696,227	586,194,613	593,476,843	611,489,511	629,422,620

Appendix 3 – Funding Gap

	2019/20	2020/21	2021/22	2022/23	2023/24
	£	£	£	£	£
Resources	568,105,835	550,951,813	550,261,956	560,920,279	572,265,783
Expenditure	592,696,227	586,194,613	593,476,843	611,489,511	629,422,620
Gap in year	24,590,392	35,242,800	43,214,886	50,569,231	57,156,838
One Off Funding to be used:					
<u>One off Grants:</u>					
Rural Services Delivery grant	6,614,130	0	0	0	
New Homes Bonus - One Off	2,753,868	3,093,858	4,068,786	3,789,719	
Improved Better Care Funding	8,153,520	0	0	0	
Social Care Funding - One Off	3,774,940				
Levy Surplus Distribution	771,090				
<u>Use of Reserves:</u>					
Earmarked Reserves - Freed up	1,553,211				
One off Savings Identified in 2018/19 - C/f in Reserve	1,139,774				
One off use of Cost of Investment Budget	2,142,800				
One off DTP Underspend - c/f in Reserve	0				
Financial Strategy Reserve	-2,312,941	19,715,782			
TOTAL ONE OFF FUNDING	24,590,392	22,809,640	4,068,786	3,789,719	0
Remaining Gap to be Funded	0	12,433,160	39,146,100	46,779,512	57,156,838

Appendix 4 – Savings Proposals

	2019/20 Savings			New Savings - Innovation	New Savings			TOTAL
	Previously Agreed	Pay Award Savings	Remove 2019/20 Red Savings		Income Generation	New Savings - Service Cuts	New Savings - Transformation	
	£	£	£		£	£	£	
Adult Services	1,975,240	1,000,000	-802,600	0	0	0	0	2,172,640
Children's Services	794,000	0	-700,000	717,000	0	0	50,980	861,980
Place & Enterprise	5,999,330	0	-2,521,700	400,000	1,025,000	625,000	723,680	6,251,310
Public Health	288,000	3,615,020	-870,000	0	0	0	59,260	3,092,280
Corporate	0	700,000	0	3,403,010	0	0	0	4,103,010
Finance, Governance & Assurance	1,100,000	0	-400,000	0	0	80,000	81,200	861,200
Legal & Democratic Services	0	0	0	0	0	65,000	0	65,000
Workforce & Transformation	9,050,000	0	-9,000,000	0	0	0	1,032,190	1,082,190
Total	19,206,570	5,315,020	-14,294,300	4,520,010	1,025,000	770,000	1,947,310	18,489,610

Adult Services

Ref	Directorate	Portfolio Holder	Description	2019/20 Saving	Removal of 2019/20 Red Savings	Amended 2019/20 Savings
2019/20 Savings Previously Agreed						
A01	Adults Services	Lee Chapman	Day Services - The outsourcing of Aquamira, Albert Road, Greenacreas and Avalon.	96,700		96,700
A02	Adults Services	Lee Chapman	Joint Training (part 1) - Reduction of costs and increases to course fees	77,000		77,000
A03	Adults Services	Lee Chapman	Enable - Secure further income from external contracts	50,000		50,000
A04	Adults Services	Lee Chapman	Positive Steps - Contract review.	43,900		43,900
A05	Adult Services	Lee Chapman	Use of HOLD (capital) funding to reduce the cost of high cost placements	100,000		100,000
A07	Adult Services	Lee Chapman	Utilise vacant properties and maximise housing benefit	25,000		25,000
A10	Adult Services	Lee Chapman	Bring the HIA back in house	100,000		100,000
A15	Adult Services	Lee Chapman	Invest in digital health technologies	250,000		250,000
A16	Adult Services	Lee Chapman	Telecare/telehealth developments	400,000		400,000
A17	Adult Services	Lee Chapman	Explore joint housing and social care opportunities with partners	300,000		300,000
A18	Adult Services	Lee Chapman	Provider market stewardship and micro-commissioning	200,000		200,000
A21	Adult Services	Lee Chapman	Review of client property	15,040		15,040
A22	Adult Services	Lee Chapman	Reduce the number of double handed care packages by investing in technology such as hoists	50,000		50,000
A23	Adult Services	Lee Chapman	Increased number of Shared Lives placements and Positive Steps contract review	43,900	-43,900	0
A24	Adult Services	Lee Chapman	Efficiencies and additional income within Joint Training	77,000	-77,000	0
A25	Adult Services	Lee Chapman	New income generation within Enable	50,000	-50,000	0
A26	Adult Services	Lee Chapman	Review of day centres	96,700	-96,700	0
				1,975,240	-267,600	1,707,640
Pay Award						
A28	Adult Services	Lee Chapman	Joint commissioning of adult social care placements with Shropshire CCG	1,000,000	-535,000	465,000
Total Adult Services Savings				2,975,240	-802,600	2,172,640

Children's Services

Ref	Directorate	Portfolio Holder	Description	2019/20 Saving	Removal of 2019/20 Red Savings	Amended 2019/20 Savings
2019/20 Savings Previously Agreed						
C06 & C13	Children's Services	Nick Bardsley	Reductions to external placement costs within Children's Safeguarding	500,000	-500,000	0
C11	Children's Services	Nick Bardsley	Creation of supply teacher service	200,000	-200,000	0
C17	Children's Services	Nick Bardsley	Restructure of business support functions within Learning and Skills	94,000	0	94,000
				794,000	-700,000	94,000
New Savings - Innovation						
C18	Children's Services	Nick Bardsley	Passenger Transport Commissioning Savings in Learning and Skills	717,000	0	717,000
New Savings - Transformation						
C19	Children's Services	Nick Bardsley	Transformation – first phase savings identified	50,980	0	50,980
Total Children's Services Savings				1,561,980	-700,000	861,980

Place & Enterprise

Ref	Directorate	Portfolio Holder	Description	2019/20 Saving	Removal of 2019/20 Red Savings	Amended 2019/20 Savings
2019/20 Savings Previously Agreed						
P02	Place	Joyce Barrow	End agreement with Rockspring Community Centre	2,000	0	2,000
P03	Place	Steve Charmley	15% reduction in repairs and maintenance and office moves budgets	145,700	-145,700	0
P04	Place	Joyce Barrow	Review of waste collection and recycling services	1,500,000	0	1,500,000
P05	Place	Steve Charmley	Review of car parking at administrative sites	96,000	-96,000	0
P10	Place	Joyce Barrow	Review of Community Enablement Team	648,480	0	648,480
P13	Place	Steve Charmley	Review of workshops and economic development land	81,050	0	81,050
P16	Place	Steve Charmley	Reduction in facilities management costs	55,000	0	55,000
P28	Place	Steve Charmley	Increased installation and use of solar panels	100,000	0	100,000
P29	Place	Steve Davenport	Review of concessionary travel	50,000	0	50,000
P36 & P65	Place	Steve Charmley	Purchase Shrewsbury shopping centres	280,000	-280,000	0
P34 & P39	Place	Steve Charmley	Land acquisition, development and investment	2,050,000	-2,000,000	50,000
P59	Place	Steve Davenport	Increase income generated from car parks	400,000	0	400,000
P62	Place	Steve Davenport	Reduction in agency staff within transport and fleet services	60,000	0	60,000
P64	Place	Steve Davenport	Review of bus subsidies	405,000	0	405,000
P66	Place	Steve Charmley	Innovation and efficiencies within Shire Services	126,100	0	126,100
				5,999,330	-2,521,700	3,477,630
New Saving - Innovation						
P68	Place	Steve Charmley	Stretch income target in Shire Servies	300,000	-	300,000
P69	Place	Steve Charmley	Infrastructure related to new development	100,000	-	100,000
				400,000	-	400,000
New Saving - Income Generation						
P72	Place	Steve Charmley	New Development Dividend	1,025,000	-	1,025,000
New Saving - Service Cuts						
P71	Place	Steve Charmley	Reduced R&M Spend by capitalisation	250,000	-	250,000
P74	Place	Rob Macey	Planning Services - Savings/Commercial activity	140,000	-	140,000
P75	Place	Lezley Picton	Rights of Way - risk based approach	50,000	-	50,000
P76	Place	Lezley Picton	Libraries Review commercial review	98,000	-	98,000
P77	Place	Steve Charmley	Economic Growth - savings/commercial activity	35,000	-	35,000
P78	Place	Steve Davenport	Additional income Fleet Management	52,000	-	52,000
				625,000	-	625,000
New Saving - Transformation						
P79	Place	Lezley Picton	Theatre - New operating model	50,000	-	50,000
P80	Place	Steve Charmley	Heritage Buildings - New operating model	100,000	-	100,000
P70	Place	Steve Charmley	Reduction in Admin Buildings spendng	100,000	-	100,000
P73	Place	Steve Charmley	Transformation – first phase savings identified	473,680	-	473,680
				723,680	-	723,680
Total Place & Enterprise Savings				8,773,010	-2,521,700	6,251,310

Public Health

Ref	Directorate	Portfolio Holder	Description	2019/20 Saving	Removal of 2019/20 Red Savings	Amended 2019/20 Savings
2019/20 Savings Previously Agreed						
H04	Public Health	Lee Chapman	Efficiencies and additional income generation within Registrars	40,000	0	40,000
H12	Public Health	Lee Chapman	Additional income generation within Help2Change - Offer the health check service to other orga	20,000	0	20,000
H13	Public Health	Lee Chapman	Innovation within Help2Change - Introduction of 'health TVs' and sale of advertising space	63,000	0	63,000
H14	Public Health	Lee Chapman	Reduction in posts within Help2Change and review of Nicotine Therapy Service	65,000	0	65,000
H16	Public Health	Joyce Barrow	Review of parking enforcement (employ more officers to generate more income)	100,000	-100,000	0
				288,000	-100,000	188,000
Pay Award - Savings in Public Health Grant will be redirected to fund other Public health related expenditure in other Council service areas, thereby generating savings in Council funded budgets						
A29	Public Health	Lee Chapman	Improved service integration - NHS Health checks, Help to Quit	69,250	0	69,250 *
A30	Public Health	Lee Chapman	Staffing restructure - Help to Change	75,590	0	75,590 *
A31	Public Health	Lee Chapman	Contract review	86,000	0	86,000 *
A32	Public Health	Lee Chapman	Roll out of social prescribing with Adults Services Lets Talk Local hubs	135,000	0	135,000 *
C18	Public Health	Lee Chapman	0-25 PHNS to take over management of one EH hub	75,000	0	75,000
C19	Public Health	Lee Chapman	Remove non-mandated activity from current 0-25 PHNS contract	380,000	-380,000	0
H20	Public Health	Lee Chapman	Senior management salary saving	36,000	0	36,000 *
H21	Public Health	Lee Chapman	Vision screening allocation	23,180	0	23,180 *
H22	Public Health	Lee Chapman	LAC funding	23,000	0	23,000 *
H23	Public Health	Lee Chapman	Health Visitor services in Wales	40,000	0	40,000 *
H24	Public Health	Lee Chapman	Redesign of integrated sexual health services	50,000	-50,000	0
H25	Public Health	Lee Chapman	Integrated sexual health services - Recharge for Welsh residents	90,000	-90,000	0 *
H26	Public Health	Lee Chapman	Pathology tests to be contracted to single provider	30,000	0	30,000
H27	Public Health	Lee Chapman	Library Contract	5,000	0	5,000 *
H28	Public Health	Lee Chapman	Infection Prevention Control	30,000	0	30,000 *
H29	Public Health	Lee Chapman	Mental Health Promotion	20,000	0	20,000 *
H30	Public Health	Lee Chapman	Remove budget for specialist advice	12,040	0	12,040
H31	Public Health	Lee Chapman	Reduction in community training	54,960	0	54,960 *
H32	Public Health	Lee Chapman	Retender of inpatient detox contract	30,000	0	30,000 *
H33	Public Health	Lee Chapman	Retender substance misuse service	250,000	-250,000	0
H34	Public Health	Lee Chapman	Review prescribing budget	80,000	0	80,000 *
H35	Public Health	Lee Chapman	Reduce supervised pharmacy consumption	20,000	0	20,000
H36	Public Health	Lee Chapman	Recommissioning across Adults, Children's and Public Health	2,000,000	0	2,000,000
				3,615,020	-770,000	2,845,020
New Saving - Transformation						
H37	Public Health	Lee Chapman	Transformation – first phase savings identified	59,260	0	59,260
Total Public Health Saving				3,962,280	-870,000	3,092,280

* Includes 2018/19 savings currently being consulted on to fund part year Pay Award in 2018/19

Corporate

Ref	Directorate	Portfolio Holder	Description	2019/20 Saving	Removal of 2019/20 Red Savings	Amended 2019/20 Savings
Pay Award						
R25	Corporate Budgets	David Minnery	Removal of inflationary growth	700,000	-	700,000 *
New Saving - Innovation						
R36	Corporate Budgets	David Minnery	Removal of Apprenticeship Levy and Minimum Wage Growth	1,553,010	-	1,553,010
R37	Corporate Budgets	David Minnery	Minimum Revenue Provision	1,850,000	-	1,850,000
				3,403,010	-	3,403,010
Total Corporate Savings				4,103,010	-	4,103,010

* Includes 2018/19 savings currently being consulted on to fund part year Pay Award in 2018/19

Finance Governance & Assurance

Ref	Directorate	Portfolio Holder	Description	2019/20 Saving	Removal of 2019/20 Red Savings	Amended 2019/20 Savings
2019/20 Savings Previously Agreed						
P41	Finance, Governance and Assurance	Steve Charmley	Negotiate contract savings upon renewal, through better contract management	300,000	0	300,000
R02	Finance, Governance and Assurance	David Minnery	Revision of council tax support scheme	200,000	-200,000	0 #
R16	Finance, Governance and Assurance	David Minnery	Service reconfiguration within Finance, Governance and Assurance	300,000	0	300,000
R17	Finance, Governance and Assurance	David Minnery	Additional income generation within Finance, Governance and Assurance	100,000	0	100,000
R23	Finance, Governance and Assurance	David Minnery	Additional premium for empty homes	200,000	-200,000	0 #
				1,100,000	-400,000	700,000
New Saving - Service Cuts						
R28	Finance, Governance and Assurance	David Minnery	Reduction in service costs (not linked to DTP)	80,000	0	80,000
New Saving - Transformation						
R29	Finance, Governance and Assurance	David Minnery	Transformation – first phase savings identified	81,200	0	81,200
Total Finance, Governance & Assurance Savings				1,261,200	-400,000	861,200

Removed from savings as now included within Resources

Legal & Democratic

Ref	Directorate	Portfolio Holder	Description	2019/20 Saving	Removal of 2019/20 Red Savings	Amended 2019/20 Savings
New Saving - Service Cuts						
R30	Legal and Democratic Services	Steve Charmley	Elections reductions	20,000	-	20,000
R33	Legal and Democratic Services	Steve Charmley	Review of Committee and Member budgets	45,000	-	45,000
Total Legal & Democratic Savings				65,000	-	65,000

Workforce & Transformation

Ref	Directorate	Portfolio Holder	Description	2019/20 Saving	Removal of 2019/20 Red Savings	Amended 2019/20 Savings
2019/20 Savings Previously Agreed						
R03	Workforce and Transformation	Steve Charmley	Contract review within Customer Involvement	50,000	0	50,000
R13	Workforce and Transformation	Steve Charmley	Redesign following digital transformation	9,000,000	-9,000,000	0
				9,050,000	-9,000,000	50,000
New Saving - Transformation						
R34	Workforce and Transformation	Steve Charmley	Digital Transformation	990,430	0	990,430
R35	Workforce and Transformation	Steve Charmley	Transformation – first phase savings identified	41,760	0	41,760
				1,032,190	0	1,032,190
Total Workforce & Transformation Saving				10,082,190	-9,000,000	1,082,190

Appendix 5 – 2018/19 Red Savings Unachievable

Ref	Directorate	Portfolio Holder	Description	2018/19 Saving Unachievable £
C04 & C07	Children's Services	Nick Bardsley	Home to school transport - Stop nursery SEN and post 16 SEN provision	556,500
C05	Children's Services	Nick Bardsley	Further promotion of independent travel training and SEN personal budgets	164,630
C06 & C13	Children's Services	Nick Bardsley	Reductions to external placement costs within Children's Safeguarding	430,000
P35	Place & Enterprise	Steve Charmley	Efficiencies within administrative buildings, including ending use of Mount McKinley	500,000
P36 & P65	Place & Enterprise	Steve Charmley	Generate income from investment in assets	520,000
H02	Public Health	Lee Chapman	Review of maintenance of closed churchyards	47,120
H15	Public Health	Robert Macey	Reduction in posts within Regulatory Services	93,480
R24	Workforce and Transformation	Steve Charmley	Limited voluntary redundancy programme	231,180
Total				2,542,910

Appendix 6 - Policy for Flexibility around the use of Capital Receipts

1. The greater flexibilities around the use of capital receipts offered in the financial years 2016 to 2022 allow the Council to utilise capital receipts generated in this period to fund the revenue costs of service reform. Any qualifying expenditure under this flexibility must be on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs or demand for services in future years.
2. Over 2019/20, Shropshire proposes to use the flexibility to help fund the following:
 - £3m to fund redundancy costs. This is in line with an average annual cost of redundancy of approximately £3m over the last 3 years and will allow the council to manage service redesign and restructure changes.
3. In 2017/18 and 2018/19, this flexibility has been used to fund redundancy costs and contributed towards the costs of the Digital Transformation Programme.
4. The reduction in staffing numbers enabled through the redundancy programme, has allowed the Council to deliver revenue savings as highlighted in previous years Financial Strategies. The first stage of the Digital Transformation Programme is coming to an end in 2018/29 and the new processes and systems will need to be embedded over the course of the next financial year so that savings, both cash and efficiency savings can be realised.