



Committee and Date
Cabinet
14th December 2020

Item

FINANCIAL STRATEGY 2020/21 – 2021/22

Responsible Officer James Walton

Email: james.walton@shropshire.gov.uk

Tel: (01743) 258915

1. Summary

- 1.1. On 6 July 2020 Cabinet approved a revised Financial Strategy reflecting the need to revise the existing strategy approved by Council on 27 February 2020 in response to the subsequent impact of Covid-19 on the UK.
- 1.2. The Country entered lockdown from 23 March 2020 and Council Services were closed, delivered remotely or moved into emergency provision. Over two and a half thousand Council staff were required to work from home and/or make themselves available for redeployment. Business continuity measures were immediately put into place across the Council. Emergency spend was sanctioned, protocols to support suppliers, contractors and local businesses were implemented and a Council Tax deferral scheme was hurriedly introduced for the months of April and May. Lockdown was relaxed over the summer months followed by a further lockdown from 5 November to 2 December 2020. It is unlikely that the impact of Covid-19 will be eradicated before the end of March 2021, meaning that the entire 2020/21 Financial Year will have been completed under unique circumstances with little clarity, certainly in relation to service delivery, on what was a result of circumstance as they existed at the time, what will ultimately 'revert back' in the future and what was a signal of lasting change.
- 1.3. For the Council, the longer-term implications for Council Tax collection and other vital income sources for the Council such as Business Rates, On-Street Parking and Cultural Services is unknown. The requirement to deliver essential services to vulnerable people, and the infrastructure, overheads and running costs supported by this income have not diminished and have, in many cases, grown.
- 1.4. The Government have announced multiple waves of funding and initiatives in response to the Covid-19 outbreak. Direct funding for the Council has included specific ringfenced grants totalling £6.7m, four tranches of unringfenced funding amounting to almost £23m, furlough payments and compensation for loss of sales, fees and charges income of £5.8m. At the time of writing both costs and income losses for the Council are estimated to

be contained within the COVID funding envelope but the position changes on an almost daily basis.

- 1.5. A look ahead to the 2021/22 Financial Year and beyond indicates the potential for significant change on the horizon for the Council at a local level. Council elections are due in May 2021 bringing to an end the current four-year term and with it the need to set a new four-year plan. The Council has recently appointed a new, permanent Chief Executive who will be tasked with creating a new Corporate Plan to meet the expectations and direction of the new Administration. The Financial Strategy cannot be created in isolation and needs to reflect the Council's priorities, not set them.
- 1.6. The palpable uncertainty at a national and local level over the next 12 months necessitates the creation of a framework under which Council can approve a reasoned and robust Financial Strategy; enabling essential services to be delivered alongside a refocus around the way we work and a need to deliver a balanced budget and, ultimately, a sustainable model for the Council into the future.

2. Recommendations

It is recommended that Members:

- A. Approve the savings proposals as outlined in Appendix A which will contribute towards delivery of a balanced budget in 2021/22 and the removal of £1.651m of previously approved savings now unachievable, enabling the Leader of the Council to take his proposed budget to consultation before
- B. Note the revised funding gap for the years 2022/23 to 2025/26.

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. Climate Change Appraisal

- 4.1. The Council's Financial Strategy supports its strategies for Climate Change and Carbon Reduction in a number of ways. The future programme includes programmes to support a range of initiatives such as moving to LED street lighting, enabling agile and mobile working dramatically reducing travel and support for Park and Ride schemes to reduce car emissions within the town centres. The impact of these and other measures will be considered alongside work to measure and monitor the Council's carbon footprint.
- 4.2. The impact of Covid-19 has seen benefits in terms of energy and carbon efficiency across the Council which have the potential to provide significant opportunities going forward. Services have been delivered online with the majority of staff working from home. This, in turn, has led to reductions in printing volumes, increases in online interaction, reduced staff travel and a resulting positive impact on climate change and pollution levels. Future plans will look to lock in benefits such as these
- 4.3. The Council receives a share of profits from the jointly owned West Mercia Energy (WME) joint arrangement. The electricity supplied to Shropshire Council is now supplied from 100% renewal sources. Furthermore, profit share received from WME is ringfenced to support climate change initiatives in Shropshire such as the LED street lighting programme.
- 4.4. Shropshire is the 5th largest generator of renewable energy in the UK. Work is also underway to bring forward the development of additional renewable energy schemes such as solar farms and hydro energy from the river. Through its wholly owned housing company (Cornovii Developments Ltd) new housing developments are aiming to build zero carbon houses wherever possible, including photo voltaic panels, outstanding levels of insulation and EV charging points.
- 4.5. All business rates collected from renewable energy projects in Shropshire, such as solar and wind farms and anaerobic digesters, is retained by Shropshire Council (i.e. there is no 50% allocation to Central Government or 1% allocation to the Fire Service). From 2020/21 onwards, all business rates from renewable energy projects is ringfenced to support climate change initiatives in Shropshire such as the LED street lighting programme.
- 4.6. The council's waste and recycling service is amongst the best nationally for recycling and the recovery of value from waste. Further developments in the service are planned to increase this performance even more. For example work is underway to explore the development of a heat network that distributes steam from the Battlefield Energy from Waste facility to surrounding business and industrial premises.

5. Financial Implications

- 5.1. This report sets out the financial implications for the Council over the 2020/21 and 2021/22 Financial Years. Details are contained within the Medium Term Financial Strategy attached at Appendix 1.

6. Background

- 6.1 Council approved the Financial Strategy 2020/21 – 2024/25 on 27 February 2020. The impact of the Covid-19 outbreak and associated actions and implications for the Council necessitated the production of an updated report which was approved by Cabinet in July 2020.
- 6.2 This report updates Cabinet and includes details of the latest budgetary position for the Council. The existing quarterly revenue and capital monitoring reports provide details on spending and income delivery in-year for Cabinet to consider.
- 6.3. The Council's Medium Term Financial Strategy is attached at Appendix 1. This Strategy attempts to provide a framework to deliver a balanced budget for 2021/22, an approach to managing the unsustainable elements of the Council's funding, our tactics for dealing with the continued uncertainty of Covid-19, Brexit and other short-term, national issues, and early thinking on our Corporate Planning approach which will ultimately set the direction of the Council and the context for the Financial Strategy.

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

Financial Strategy 2020/21 - 2024/25 – Council, 27 February 2020

Appendices

Appendix 1 – Medium Term Financial Strategy 2020/21 To 2024/25



Medium Term Financial Strategy – July 2020

2020/21 – 2025/26

James Walton
Section 151 Officer and Interim Director of Resources
Shropshire Council
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND

- 1. Foreword from Section 151 Officer – James Walton**
- 2. Medium Term Financial Strategy Introduction**
 - 2.1 MTFS Process
 - 2.2 National Context
 - 2.3 Local Context for Shropshire
- 3. Impact on 2020/21 Budget**
 - 3.1 2020/21 Budget Update
 - 3.2 Additional Costs of COVID-19
 - 3.3 Loss of Income from COVID-19
 - 3.4 Impact on Savings Due to COVID-19
 - 3.5 Impact on Council Tax and Business Rates from COVID-19
 - 3.6 Government Funding
- 4. Revenue Resources 2021/22 – 2025/26**
 - 4.1 Core Government Funding
 - 4.2 Council Tax
 - 4.3 Business Rates
 - 4.4 Collection Fund
 - 4.5 Total Funding
- 5. Expenditure Pressures 2021/22-2025/26**
 - 5.1 Savings Plans
 - 5.2 Total Expenditure
- 6. Revenue Financial Strategy (Sustainable Budget)**
 - 6.1 Budget Plan
 - 6.2 Financial Strategy 2021/22 to 2025/26
- 7. Financial Stability**
 - 7.1 General Fund Balance

FOREWORD

It was unusual, in July 2020, for the Council to publish a revised Medium Term Financial Strategy only four months after Full Council approved the Financial Strategy in February. The impact of the Coronavirus pandemic, however, necessitated this action.

As set out in previous iterations of this document, Shropshire Council's Medium Term Financial Strategy considers the local authority's financial position over the medium term taking into account national and local funding and resources, and compares this to the demand on the services the Council needs and wants to deliver, providing solutions to deliver a balanced budget as required by statute. It is not legal for a Council to set an unbalanced budget; by law our costs must be contained within our available funding, creating tensions between aspiration and reality, quality and necessity. It is, nevertheless, unwise to focus on the short-term delivery of a balanced budget at the expense of long-term outcomes, medium term sustainability or the achievement of wider strategic objectives.

In these unusual times, however, this is exactly the course of action we are being forced to take. The financial impact of Covid-19 on Shropshire Council had immediate effect from the date the country was placed into lockdown from 23 March 2020. Despite the lockdown being relaxed over the summer months, a second period of lockdown was implemented from 5 November 2020 until at 2 December 2020. Tier restrictions then followed, with Shropshire placed in Tier 2, and it is likely that restrictions in some form will continue until at least the end of March 2021, meaning that the entire 2020/21 Financial Year will have been completed under unique circumstances with little clarity, certainly in relation to service delivery, on what was a result of circumstances as they existed at the time, what will ultimately 'revert back' in the future and what was a signal of lasting change.

The 2019/20 accounts reveal that the cost to Shropshire for the eight days of lockdown falling within that financial year was around £387,000. For Shropshire this fell, almost immediately, after recovering from the impact of flooding, the official cost of which was £460,000, but when considering the impact on road and highways infrastructure was in reality, in excess of £1m, almost exclusively picked up by the local taxpayer.

At the time of writing, the direct financial impact of Covid-19 is around £24.5m for the 2020/21 financial year, based on our current understanding. At present we have received £22.4m unringfenced grant plus expected Sales, Fees and Charges reimbursements and Furlough Contributions of up to £5.8m. The need for additional funding, income guarantees or other support to cover costs over the remainder of the financial year will continue to be assessed. Nevertheless, we currently expect to deliver a budget which is close to balanced for the 2020/21 Financial Year.

The approved Budget for the 2020/21 Financial Year was effectively obsolete before the year began, with plans for savings, service transformation and service delivery put on hold, to differing degrees, to deal with the unparalleled implications of Covid-19 for

FOREWORD

the local authority, the public and local businesses alike. Now, nine months on and with the future still unclear, we have at least been able to review those savings plans, revise service transformation proposals in the light of new opportunities deliverable in a post-Covid world and create a framework for the Financial Strategy.

The framework for the Financial Strategy can be described under three primary financial assumptions:

- The Performance Optimisation Assumption
- The Unsustainability Assumption
- The Covid-19 Assumption

The Performance Optimisation Assumption

The basic principle of the Performance Optimisation Assumption is that Shropshire Council will drive to deliver the key outcomes for Shropshire communities in the most efficient, highest quality and financially economical way possible. The ultimate outcome is to drive Council performance to its highest attainable level over the medium to long term.

The Unsustainability Assumption

The basic principle of the Unsustainability Assumption is that Fair Funding, or an equivalent national funding methodology, will be implemented from 2022/23 which will accurately reflect the costs and future annual growth in costs of (predominantly) delivering social care services, resolving the structural funding gap within Shropshire.

The Covid-19 Assumption

The basic principle of the Covid-19 Assumption is that all known direct costs resulting from measures undertaken as a result of government responses to the Coronavirus pandemic will be fully funded by external government grant or similar directives.

These three assumptions will form the basis for creating a two-stage approach as set out in this document; a short-term Budget Plan for the 2021/22 Financial Year, and a longer-term Financial Strategy covering 2021/22 through to 2025/26.

2.1 Medium Term Financial Strategy Process

The medium term financial strategy (MTFS) spans a period of five years and is formally agreed by Full Council each year in the February preceding the first financial year of the strategy.

The first year of the MTFS represents the budget strategy for the next financial year. The compilation of the budget strategy involves detailed budget development of each service area within the Council and work begins on this process from September onwards. This approach has been modified somewhat in light of the impact of the Covid-19 pandemic and single year Spending Review announced on 25 November 2020.

The overarching five years strategy runs alongside the budget strategy work and will be informed by significant service changes or demographic changes that the Council is facing, but more significantly will be informed by government announcements on the likely level of funding.

Each year the Government provides a Provisional Local Government Finance Settlement in mid-December and a Final Local Government Finance Settlement towards the end of January. This will detail all grant funding that the Council will receive in the next financial year and will also give authorities specific regulations around levels of Council Tax that can be raised. Alongside this the Council is also carrying calculations such as the Council Tax Base to determine how many properties the Council can raise Council Tax against. This information all feeds into the Resources side of the Financial Strategy and assumptions are made regarding any uplift or inflationary changes for future years within the MTFS.

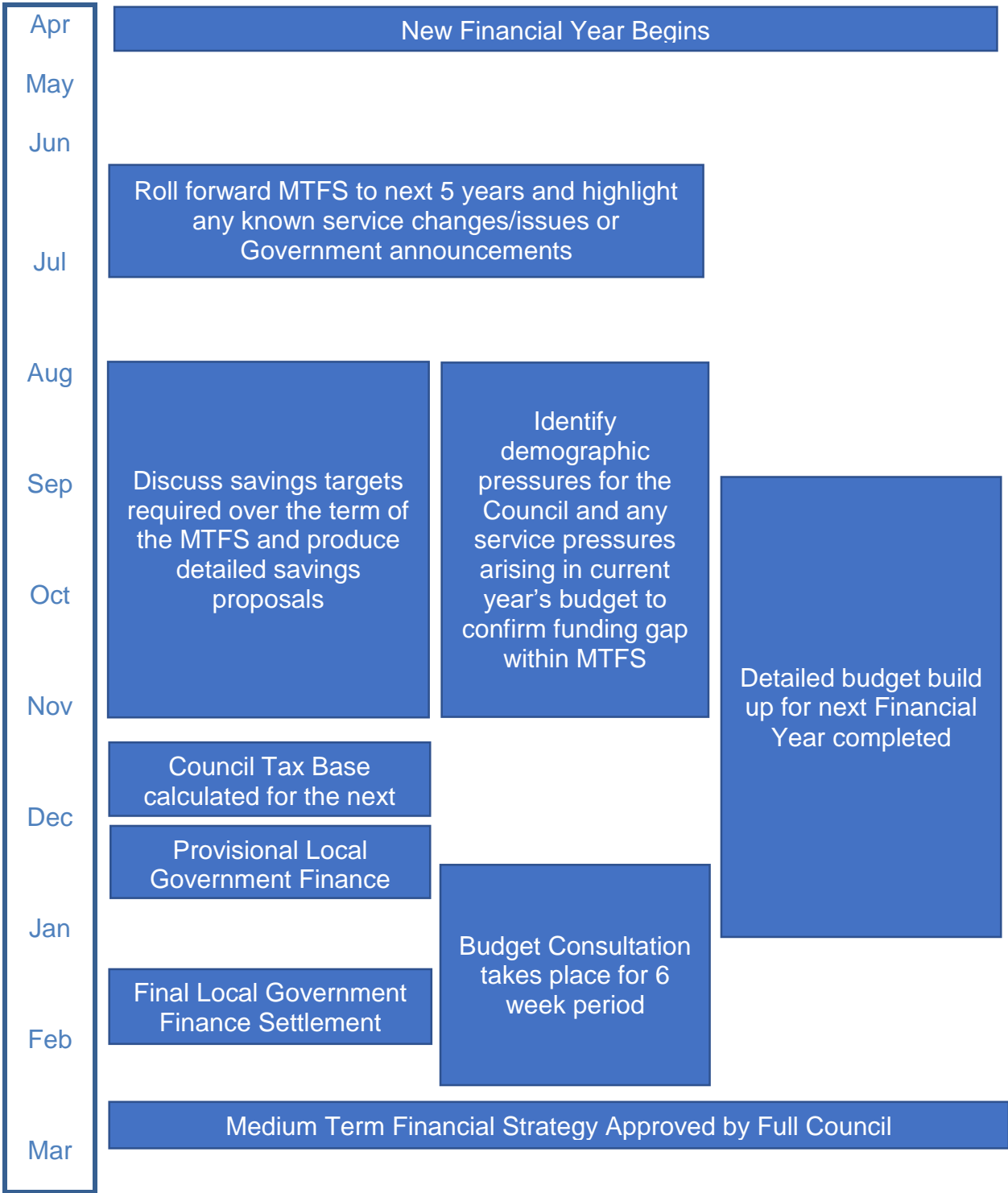
In previous years the Government has provided multi year funding settlements which have given the Council the ability to predict with some accuracy, the level of grant income that it will receive from the Government. The last four year multi settlement ran from 2016/17 to 2019/20 and the Government announced a one year settlement for 2020/21 with the intention of implementing the Fair Funding Review for 2021/22. Since the COVID-19 pandemic hit the UK in the spring of 2020, the Government has announced that the Fair Funding Review will now be delayed a further year until 2022/23 and a single year Spending Review was announced in November.

During December and January, the Council will consult with the general public regarding the budget proposals for the next financial year. Feedback from this consultation will then inform the final Medium Term Financial Strategy that is agreed by Full Council in February.

Figure 1 below details a simplified timeline of the various processes for developing the medium-term financial plan each year.

MEDIUM TERM FINANCIAL STRATEGY INTRODUCTION

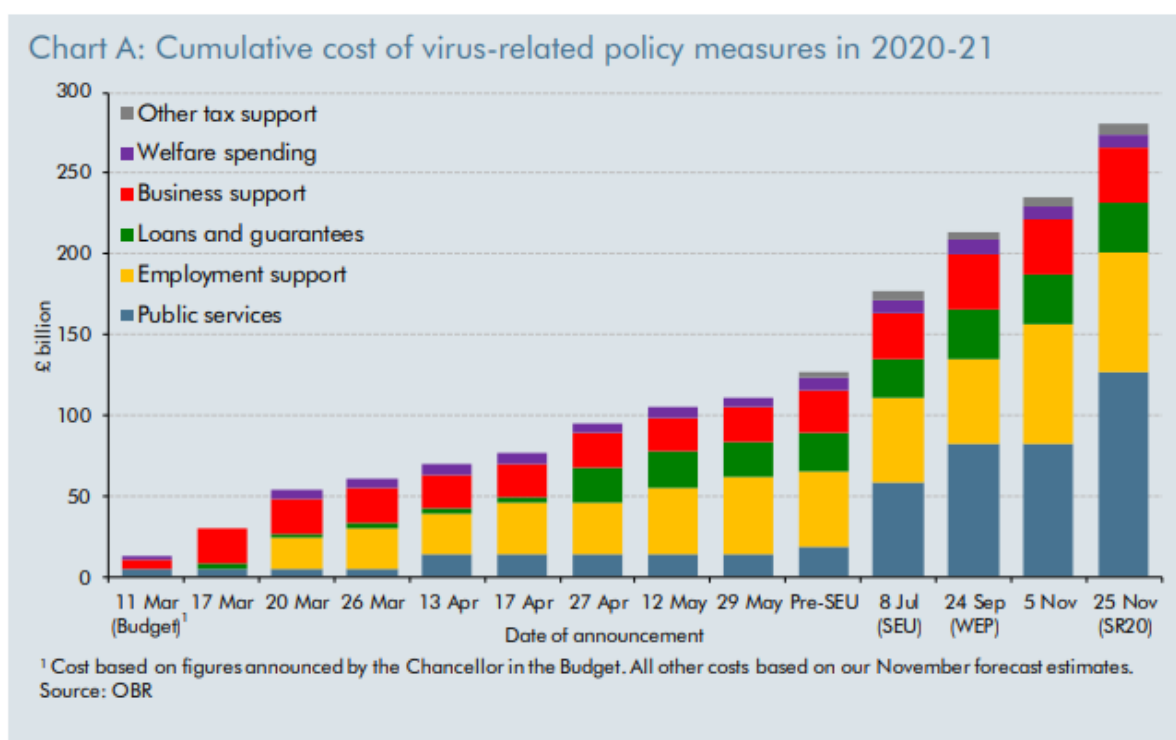
FIGURE 1 – Development of Medium Term Financial Strategy



2.2 National Context

The Covid-19 pandemic has caused exceptional hardship for individuals, families and businesses across the UK. The health emergency has been accompanied by unprecedented economic uncertainty and the deepest recession on record. The Office for Budget Responsibility's (OBR's) forecast expects GDP to shrink by 11.3 per cent in 2020 – the largest annual fall since the Great Frost of 1709.

Since the start of the crisis the government has taken extensive and unprecedented action to tackle the virus and mitigate these impacts across all areas of the UK. This action comes at significant fiscal cost. Since March, the government has spent over £280 billion on one of the largest packages of economic support in the world. The Chart below, taken from the Office of Budget Responsibility's November 2020 Economic and Fiscal Outlook report, shows how this support has developed since March.



The level of financial investment and borrowing that the Government has had to undertake to support the public and the economy is significant and is likely to impact on public finances in this country for many years in the future.

2.3 Local Context

A number of national grant schemes have been passed to Local Authorities because the Local Authority will be incurring the spend directly, or because we can passport funding to the relevant organisation that it is intended should receive the support.

MEDIUM TERM FINANCIAL STRATEGY INTRODUCTION

Shropshire Council has received the following allocations of funding from the Government to date:

	Value / Assumed Value to be Received (£)
Covid-19 Grants and support	
Small Business Grants and Retail Hospitality & Leisure Grants	91,670,000
Business Rate Reliefs: Expanded retail discount	44,394,152
MHCLG: Emergency Covid-19 Local Government Grant (unringfenced)	22,409,773
Local Restrictions Support Grants	6,752,250
Additional Restrictions Support Grant	6,462,720
Infection Control Grant (1)	4,601,579
Discretionary Business Grants	4,583,500
Infection Control Grant (2)	4,029,458
Contain Outbreak Management Fund (Nov lockdown)	2,585,088
Test and Trace Support Grant	1,126,797
COVID Winter Grant Scheme	841,634
Supported Bus Services	472,877
Home to School Transport Grant	350,000
Contain Outbreak Management Fund (for tier 1 status)	319,189
Emergency Assistance Grant	311,900
Reopening High Streets Safely Fund	288,194
Business Rate Reliefs: Nursery Discount	249,551
Compliance and Enforcement Grant	145,151
Next Steps Accommodation Programme	123,500
Active Travel Grant	86,000
Transport Demand Management Grant	50,000
Homelessness and Rough Sleeping Contingency Fund	12,000
Test and Trace Support Payments	TBC
Support for the Clinically Extremely Vulnerable (CEV)	TBC
Total	191,865,312

In addition to the Central Government funding received, Shropshire Council secured an additional £0.737m from the Marches Investment Fund to support local businesses affected by COVID-19 that have not been eligible to obtain the Government funding provided for businesses.

IMPACT ON 2020/21 BUDGET

3.1 2020/21 Budget Update

On 27th February 2020, Full Council approved the Financial Strategy for 2020/21 – 2024/25 which included the revenue budget for 2020/21.

A summary of the Financial Strategy for 2020/21 is detailed in Figure 2 below:

Figure 2: 2020/21 Approved Financial Strategy

	2020/21 £
Resources:	
Council Tax	-163,933,777
Business Rates	-51,720,281
RSG	-6,218,750
Collection Fund Surplus/(Deficit)	-3,648,763
Government Grants in Core Funding (IBCF, NHB, RSDG, SCG) ¹	-32,411,060
Local Income (F&C ² , Other Grants, Specific Government Grants, Internal Recharges)	-317,529,850
TOTAL FUNDING	-575,462,481
Expenditure:	
Gross Budget Requirement from 2019/20	593,079,737
Inflationary Growth (Pay, Prices, Pensions)	4,466,890
Demography & Demand	21,563,167
Service Specific Pressures	1,971,738
Local Generated Pressures (incl. change to specific grants and income changes)	576,055
Previous saving plans removed as unachievable	2,594,550
Savings to be achieved in 2020/21	-18,725,200
TOTAL EXPENDITURE	605,526,937
FUNDING GAP FOR 2020/21	30,064,456
Funded by:	
One off Core Government Grants	-27,411,061
One off use of Cost of Investment Budget	-2,750,000
Financial Strategy Reserve	96,605
BALANCED BUDGET FOR 2020/21	0

1 IBCF - Improved Better Care Fund, NHB - New Homes Bonus, RSDG - Rural Services Delivery Grant, SCG - Social Care Grant

2 F&C - Fees and Charges

Since the approval of this budget, the United Kingdom suffered the COVID-19 pandemic, which impacted on the 2020/21 budget and will continue to have implications in future years.

IMPACT ON 2020/21 BUDGET

As the impact of Covid-19 was so significant, it was necessary to revise the 2020-21 Budget before considering the potential impact on future years of the Financial Strategy. A summary of the impact is given in the following sections.

3.2 Additional Costs of COVID-19

The COVID-19 pandemic has resulted in the Council incurring additional one off costs in supporting the communities of Shropshire. The Council established 10 workstreams surrounding the response to the COVID-19 pandemic and costs have been captured against each of these workstreams to identify where cost pressure have arisen. The difficulty in projecting the full year costs for each workstream is due to the unknown timeframe that the COVID-19 response, lockdown and Tier System requirements will be in place. The Council produces a monthly return to Government on the anticipated costs and has taken part in benchmarking workshops with other local authorities to ensure that assumptions used are reasonably consistent across the country.

The associated workstreams and anticipated costs that will be incurred over the course of 2020/21 is projected as follows:

COVID-19 Workstream	2020/21 Cost Projection £m	Type of Costs included
Adult Social Care	4.294	Temporary fee uplift for adult social care providers, increased community placements and increased staff costs
Business and Economy	0.217	Lockdown Compliance and Reopening Costs, Transport for COVID-19 Testing
Business Continuity	0.006	Risk Mangement and insurance
Children's Services	3.054	Increased children's social care placements and staff costs Home to school transport and free school meal provision
Communications	0.311	Advertising and media support re response Laptops, mobile phones, WAN and firewall costs
Emergency Expenditure	1.389	Increased subsidies to bus operators Grants to arts organisations Payments to leisure providers
Excess Deaths	0.014	Temporary Mortuary
Homelessness	1.334	Increased use of bed and breakfasts and temporary accommodation, including food and security costs

IMPACT ON 2020/21 BUDGET

Public Health	0.509	PPE, Prevention costs and bereavement and counselling support
Vulnerable Communities	0.163	Delivery of Food Parcels and Essential Supplies, and Grants to Community Groups
Non Deliverable Savings	3.580	Savings in year impacted by COVID 19
Total	14.870	

3.3 Loss of Income from COVID-19

Additional costs are only one element of the financial pressure arising from COVID-19. In addition, it has been necessary to close a number of Council income earning facilities due to the lockdown and Tier System restrictions, and there have also been knock on effects to some services income projections due to a general slowdown in the economy resulting from COVID-19.

The total income shortfalls that are currently anticipated in 2020/21 as a result of COVID-19 are:

Covid-19 Loss of Income	Description of main area of lost income	2020/21 Forecast Net Loss of Income Due to Covid-19 (£'000)*
Service Area		
Environment and Transport - Parking	Car parking	3,389
Theatre Services	Sales, fees and charges	1,627
Shire Services	Loss of traded catering services income	743
Leisure	Sales, fees and charges	500
Planning Services	Sales, fees and charges	474
Shrewsbury Shopping Centres	Rental income	455
Trading Standards and Licensing	Licensing income and penalty charge notices	417
Corporate Landlord	Rental income	400
Learning and Skills	Loss of traded services income from schools	360
Adult Social Care Operations	Loss of day services income and reduction in direct payment clawbacks	308
Registrars	Sales, fees and charges	269
Museums and Archives	Sales, fees and charges	232

IMPACT ON 2020/21 BUDGET

Waste Management	Reduction in third party use of the ERF	160
Housing Services	Loss of event income and reduction in sale of advertising	119
Outdoor Partnerships	Sales, fees and charges	115
Libraries	Sales, fees and charges	34
Adult Services Business Support and Development	Enable – Loss of income from other organisations	20
Corporate Budgets	WME profit share	19
Total		9,641

**(Net forecast includes savings on expenditure as a result of service reduction)*

3.4 Impact on Savings Due to COVID-19

The Council agreed new savings of £18.725m to be delivered over the course of 2020/21. As a result of the pandemic and the prioritisation of services towards supporting the public of Shropshire through the effects of the lockdown, some of the proposals have not been able to be progressed or developed at the speed that was originally anticipated. Where savings have not been delivered within the anticipated timeframe, a review has been undertaken to understand if they remain deliverable over a longer time period. It is felt that by the end of 2020/21 a total of £7.673m will be unachievable on an ongoing basis. Section 5.1 sets out a revision to the savings strategy to address this.

3.5 Impact on Council Tax and Business Rates from COVID-19

In response to the pandemic, the Council allowed Council taxpayers to apply to defer the first two payments of Council tax due in April and May, and instead pay their Council Tax in the months June to March. The Council has had 7,134 households that have taken up this offer, which has had a short-term cash impact but would not impact on the income collected overall for the year.

It should be noted however that the general slowdown in the economy and increase in unemployment is anticipated to have an effect on the level of Council tax that will be collected in 2020/21. Income from Business Rates have similarly reduced, and whilst the Government has provided support to a number of businesses in the shape of Business Rate Reliefs and Business Grants, it is still anticipated that the impact of COVID-19 will result in a reduction in Business Rates income being collected in 2020/21. The latest estimate of the total Collection Fund Deficit arising is shown below.

Estimated Collection Fund Deficit*	£'000
Council Tax Reduction	4,210
Business Rate Reduction	900
TOTAL	5,110

**Before applying government support*

IMPACT ON 2020/21 BUDGET

It is general practice that a reduction in the collection rate for the financial year is absorbed within the collection fund for the year, and then this would result in a collection fund deficit being estimated for the year. This would then bear out financially for the main preceptors in the following financial year when the amount of precept and collection fund deficit is determined in February. Therefore it would be reasonable to assume that the loss identified above would be realised in 2021/22.

The Government made three announcements in relation to Council Tax and Business Rates to help local authorities manage this reduction in their income. The benefit of these announcements will be felt in the 2021/22 Financial Year and are described in sections 4.2 and 4.3.

3.6 Government Funding

In recognising the cost pressures that local authorities would face during the COVID-19 pandemic the Government announced a series of Unringfenced grants over the 2020/21 Financial Year. To date these include:

Tranche of Funding	Date of Grant	National Funding £bn	Shropshire Council Share £m
First Tranche	March 2020	£1.600	£8.972
Second Tranche	April 2020	£1.594	£8.946
Third Tranche	July 2020	£0.494	£2.432
Fourth Tranche	October 2020	£0.919	£2.060
		£4.607	£22.410

In addition to this, it is estimated that the Council may be able to claim approximately £5.184m additional un-ringfenced support from MHCLG to recompense the Council for a proportion of lost sales, fees and charges income that has not been received by the Council due to the pandemic, and also that £0.594m will be received from HMRC through the Coronavirus Job Retention Scheme (furlough).

These grants are being applied to expenditure and loss of income pressures arising during the year and whilst the mid year position suggests a relatively small surplus may arise the position changes on a daily basis so the overriding assumption in relation to the pandemic is there will be nil financial impact on the Local Authority.

4.1 Core Government Funding

As outlined earlier in the MTFs, the Government has now indicated that the Fair Funding Review planned for implementation in 2021/22, will now be delayed a further year and instead implemented in 2022/23. In the MTFs that was agreed in February 2020, the Council had assumed that Revenue Support Grant and New Homes Bonus would be phased out over the next 2 years and that Core Funding Grants such as Improved Better Care Fund, Rural Services Delivery Grant and Social Care Grant would be rolled into the Fair Funding Review. However with no detail regarding how the Fair Funding Review would impact on the Council, no assumptions had been built in currently for any additional funding for the Council from 2022/23 onwards.

The Spending Review on 25 November 2020 announced that a number of grants received in 2020/21 will now be rolled forward or extended in 2021/22. The announcement included the following:

- £300m increase in Social Care Grant
- £900m New Homes Bonus Grant extended for a further year
- A freeze on public sector pay, although it is unclear as to whether this will be reflected in a reduced allocation of RSG or not (the table below assumes not)
- An option to levy a Social Care Precept at 3%, rather than 2%, with the ability to defer some or all for 12 months (see section 4.2)

Other, existing, one-off grants are assumed to continue into 2021/22, although this will not be confirmed until the Local Government Settlement is received in mid-December.

	2021/22	2022/23	2023/24	2024/25	2025/26
	£	£	£	£	£
Revenue Support Grant - as at Jul 2020	6,320,073	4,213,382	2,106,691	0	0
Grants included in Core Funding - as at Jul 2020:					
Improved Better Care Fund	9,547,340	0	0	0	0
New Homes Bonus	4,592,570	2,227,140	0	0	0
Rural Services Delivery Grant	6,614,130	0	0	0	0
Social Care Grant	7,882,890	0	0	0	0
Revised Revenue Support Grant	6,320,073	4,213,382	2,106,691	0	0
Revised Grants included in Core Funding:					
Improved Better Care Fund	9,547,340	0	0	0	0
New Homes Bonus	7,080,950	2,227,140	0	0	0
Rural Services Delivery Grant	6,614,130	0	0	0	0
Social Care Grant	8,723,316	0	0	0	0
Difference	3,328,806	0	0	0	0

4.2 Council Tax

The pandemic is predicted to have an impact on collection rates for Council tax in 2020/21, however this it is also considered that this will have a longer term impact, whilst the economy takes time to rebuild again, and unemployment levels are reduced, thereby reducing the demand for Council Tax Support and improving collection rates. It is also likely that the impact of Covid-19 during 2020/21 will have stalled housebuilding throughout the county and so growth within the taxbase may be below the levels that have been experienced in the last few years. Therefore the initial projections for future year's council tax collection made in July were revised to allow for an initial reduction in taxbase and then a gradual increase back to previous levels of growth.

Since July, the Government made four announcements in relation to Council Tax and Business Rates to help local authorities manage this reduction in their income. The benefit of these announcements will be felt in the 2021/22 Financial Year.

Directly impacting Council Tax yield in 2021/22 is an option to levy a Social Care Precept at 3%, rather than 2%, with the ability to defer some or all for 12 months. The impact of this is shown in the table below. The other three announcements are discussed in the Section 4.4 Collection Fund.

Increase in the Social Care Precept to 3% in 2021/22 (and reducing to 1% in 2022/23)

	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	Assumptions
Council Tax - as per Jul 20 MTFS	170,474,685	179,048,389	188,985,514	199,769,464	211,166,963	Increase in Council tax 1.99%; Increase in Social Care Precept 2%, Increase in taxbase 0% for 2021/22, 1% for 2022/23, 1.5% for 2023/24, 1.65% for 2024/25 - 2025/16
Revised Council Tax	172,114,454	179,033,479	187,152,003	195,928,335	205,116,541	Increase in Council tax 1.99%; Increase in Social Care Precept 3% 2021/22, 1% 2022/23, 2% thereafter, Increase in taxbase 0% for 2021/22, 1% for 2022/23, 1.5% for 2023/24, 1.65% for 2024/25 - 2025/16
Difference	1,639,769	-14,910	-1,833,511	-3,841,129	-6,050,423	

Adding a further 1% to bring the total Adult Social Care precept to 3% in 2021/22 increases Council Tax revenue in that year by £1.640m on previous assumptions.

Even though the total 3% ASC precept will generate £4.918m in 2021/22 when added to other measures to support Social Care the resources are insufficient to meet the pressures.

REVENUE RESOURCES 2021/22 – 2025/26

Social Care Pressure and Resources Analysis	2021/22 £m (net)
Demography & Demand	
Adults Social Care	5.866
Childrens Social Care	8.384
Total Social Care Demography & Demand	14.25
Social Care Resources	
Revenue from 3% ASC precept	4.918
Additional IBCF	0
Additional Social Care Support Grant	0.848
Growth available to fund social Care pressures	5.766
Shortfall in Social Care Funding	-8.484

4.3 Business Rates

As per the reduction in Council Tax projections for future years, in July a similar reduction was anticipated for Business Rate income whilst the economy rebuilds after the effects of the pandemic. No further change has been made to the July assumptions.

Since July, the Government announced measures that Local Authorities can use to mitigate the impact of reduced Business Rates as a result of COVID-19 and these are discussed in section 4.4 Collection Fund.

	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	Assumptions
Revised Business Rates - As per Jul 2020 (unchanged)	40,728,547	40,962,889	41,434,577	42,078,159	42,731,738	2021/21 0% growth in multiplier and rateable value; 2022/23 0.5% increase in multiplier 0.075% increase in rateable value; 2023/24 1% growth in multiplier 0.15% growth in rateable value; 2024/25 and 2025/25 1.3% growth in multiplier 0.25% growth in rateable value

4.4 Collection Fund

Since July the Government has announced a series of measure to help Local Authorities mitigate the impact of collection fund deficits arising in 2021/22 as a result of the COVID-19 impact in 2020/21. These are set out below.

- Local Authorities can write off the Collection Fund Deficit (Council Tax) over three years, rather than the usual one.*
- A Grant equivalent to 75% of irrecoverable Council Tax in 2020/21 was announced as part of the Spending Review in November. This is expected to be allocated on the basis of returns made by each local

REVENUE RESOURCES 2021/22 – 2025/26

authority, but hinges on the yet to be disclosed definition of 'irrecoverable'*

- A grant equivalent to the reduction in Council Tax taxbase for 2021/22 was also announced as part of the Spending Review. The allocation of this grant will be determined by central government.*

**These benefits impact the collection fund and will therefore be felt in the 2021/22 Financial Year.*

Full details of these changes were not available at the time of writing, but an initial estimate of the impact is provided in the following table

Potential impacts on the collection fund

	2021/22	2022/23	2023/24	2024/24	2025/26
	£	£	£	£	£
Collection Fund Estimate as per Jul 2020:					
Council Tax	500,000	500,000	500,000	0	0
Business Rates	-500,000	-500,000	-500,000	0	0
Revised Collection Fund Estimate:					
Council Tax	-245,425	-245,425	-245,425	0	0
Business Rates	-31,238	-31,238	-31,238	0	0
Difference	-276,663	-276,663	-276,663	0	0

4.5 Total Funding for 2021/22 – 2025/26

The COVID-19 pandemic has had an impact on the future revenue resources projected for the Council over the next five years within the MTFS. The revised funding projections are shown in Figure 6 below:

REVENUE RESOURCES 2021/22 – 2025/26

Figure 6: Total Funding for 2021/22 – 2025/26

	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Council Tax	172,114,454	179,033,479	187,152,003	195,928,335	205,116,541
Business Rates:					
Business Rates Collected	40,728,547	40,962,889	41,434,577	42,078,159	42,731,738
Business Rates - Energy Renewable Schemes	900,000	900,000	900,000	900,000	900,000
Top Up Grant	10,031,260	10,031,260	10,031,260	10,031,260	10,031,260
RSG	6,320,073	4,213,382	2,106,691	0	0
Collection Fund:					
Council Tax	-245,425	-245,425	-245,425	500,000	500,000
Business Rates	-31,238	-31,238	-31,238	-500,000	-500,000
NET BUDGET	229,817,672	234,864,348	241,347,867	248,937,754	258,779,539
Grants included in Core Funding:					
Improved Better Care Fund	9,547,340	0	0	0	0
New Homes Bonus	7,080,950	2,227,140	0	0	0
Rural Services Delivery Grant	6,614,130	0	0	0	0
Social Care Grant	8,723,316	0	0	0	0
CORE FUNDING	261,783,408	237,091,488	241,347,867	248,937,754	258,779,539
Local Income					
Fees and charges (including income savings deliverable from prior years)	85,191,986	87,343,701	89,245,565	91,147,429	91,147,429
Other Grants and contributions	27,000,030	27,000,030	27,000,030	27,000,030	27,000,030
Specific Grants (excluding Core Funding Grants above)	183,913,000	183,858,550	183,811,430	183,771,122	183,771,122
Internal Recharges	5,963,040	5,963,040	5,963,040	5,963,040	5,963,040
TOTAL FUNDING	563,851,464	541,256,809	547,367,932	556,819,375	566,661,160

5.1 Savings Plans for 2021/22

The MTFs, agreed in February 2018, set out a raft of new savings plans which included £3.850m of savings planned for 2021/22 and these plans have been reviewed for their deliverability in the current climate. Following review it is felt that these savings can be delivered, albeit some of them using a different strategy than originally intended. Some of the revised strategies represent a continuation of successful strategies deployed in prior years. These updated new savings for 21/22 are brought forward for approval and are shown at Appendix A.

Of the £18.725m savings target for 2020/21 it is considered that £7.673m will be unachievable on an ongoing basis at the end of 2020/21. This is primarily as a result of the pandemic and the prioritisation of services towards supporting the public of Shropshire through the effects of the lockdown.

In order that a pressure does not arise in future years as a result of non achievement of historic savings the following strategy for delivery of the £7.673m unachieved savings is proposed.

- £1.218m of savings are simply considered delayed and can be implemented under their existing proposals. These are listed at Appendix A for note.
- £4.804m of savings can no longer be delivered according to their original proposals and required to be delivered under different strategies. These are brought forward for approval at Appendix A.
- This leaves a balance of £1.651m of savings that can no longer be delivered and has therefore been added back to the expenditure build up.

5.2 Total Expenditure

During October 2020 a detailed review of expenditure and growth requirements was undertaken. This resulted in a requirement to add in a further £9.780m of growth budgets for 2021/21. This increase is summarised below:

Changes to:	Total £m	Reason
Price and Contract Inflation Assumptions	- 0.592	Changes to economic outlook resulting a revision downwards of relevant factors.
Demography/Demand (net of SFC) assumptions	4.729	£6.8m increase in Children’s demographic growth assumptions following greater than expected increases during 2020/21. Offset by reductions in Adult Services demographic growth assumptions following a reduction in the increase expected during 2020/21. It is extremely difficult to predict what the long term effects of COVID-19 will be in these services.
Service Specific Pressures	5.643	Loss of income relating to the change of use of the Shopping Centres plus Staffing pressures within Children’s Services.
Total increase in growth assumptions since July 2020	9.780	

EXPENDITURE PRESSURES 2021/22 – 2025/26

Total Expenditure for 2021/22 to 2025/26 is now as shown below

	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Original Gross Budget Requirement	605,526,937	603,900,389	589,325,799	602,719,030	618,631,263
Inflationary Growth :					
Pay	2,743,338	2,819,197	2,897,208	2,977,435	3,059,884
Prices	1,309,682	2,100,460	2,020,987	2,020,987	2,020,987
Pensions	0	0	0	0	0
Demography & Demand	15,502,496	10,327,700	10,529,916	10,736,840	10,948,590
Service Specific Pressures	5,747,406	91,224	219,379	219,379	219,379
Local Generated Pressures:					
Elections	740,000	-740,000			740,000
Specific Grants Changes between years	-20,324,030	-26,464,240	-2,274,260	-42,408	0
One off investment in IT infrastructure	-1,101,130				
Estimated Cost of Investment - <i>Approved</i>	1,265,000	1,760,000			
Invest to Save Fund for delivery of future savings	-5,250,000				
Energy Renewable Schemes	-60,000				
Savings					
<i>Savings from prior years - 2018/19 - Approved</i>	<i>-3,850,000</i>	<i>-4,468,930</i>			
<i>Remove 2020/21 Unachievable savings</i>	<i>1,650,690</i>				
TOTAL EXPENDITURE	603,900,389	589,325,799	602,719,030	618,631,263	635,620,103

6.1 Budget Plan – 2021/22

The unusual circumstances under which the 2020/21 Financial Year has operated has, as far as possible, been used as a basis for setting parameters for the 2021/22 Financial Year. The expected Outturn for 2020/21 is currently assumed to fall within the Councils' Danger Zone' The safe zone would mean the impact on the General Fund Balance is less than 13% (£1.7m) and therefore containable within the risk-assessed value of the Fund but the forecast at Quarter two exceeds this.

A short-term assumption, intrinsic to delivering the Financial Strategy, is that we build on the stable foundations we already have for the Council. This means, for example, that we continue to deliver existing plans, including previously approved savings proposals, that have been delayed, predominantly, as a result of Covid-19 in 2020/21. The delivery of our 2020/21 savings proposals has been reviewed and details of proposals still to be completed are included in section 5.1. The programme sets out savings of £9.872m to be delivered in 2021/22. £3.850m of which are new savings.


For 2021/22 growth and funding expectations have been assessed, as described earlier in the report, and the following position results.

	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Resources	563,851,464	541,256,809	547,367,932	556,819,375	566,661,160
Expenditure	603,900,389	589,325,799	602,719,030	618,631,263	635,620,103
Gap in year	40,048,926	48,068,991	55,351,097	61,811,888	68,958,943
One Off Funding to be used:					
One off Grants:					
Rural Services Delivery grant	9,547,340	0			
New Homes Bonus - One Off	-407,434	-2,772,861	-5,000,000	-5,000,000	-5,000,000
Improved Better Care Funding	6,614,130	0			
Social Care Funding - One Off	7,882,890				
Use of Reserves:					
Financial Strategy Reserve	16,412,000	4,390,263			
TOTAL ONE OFF FUNDING	40,048,926	1,617,402	-5,000,000	-5,000,000	-5,000,000
Remaining Gap to be Funded	0	46,451,589	60,351,097	66,811,888	73,958,943

To provide assurance over the setting of a short-term budget plan for 2021/22 the following Seven Levels of Assurance have been developed within which to consider the Council's financial planning, as set out in the following table.

	Short-Term Budget Planning – Levels of Assurance)
--	--

REVENUE FINANCIAL STRATEGY (SUSTAINABLE BUDGET)

	Highest Level Assurance	Level 7	Sufficient funding certainty to enable a balanced budget to be produced with reliance on long-term Base Budget funding. (For example Revenue Support Grant, Council Tax and Business Rates)
		Level 6	Reliance on One-off Grants, which may be for more than a single year, but cannot be relied upon beyond the existing spending review term. (For example Rural Services Delivery Grant)
		Level 5	Use of One-off Funds which vary from year to year or within the year. Some one-off funding cannot be accurately quantified prior to the relevant financial year in question. (For example, one-off s31 Grants)
		Level 4	Requirement to utilise Council Reserves for the purposes of delivering a balanced budget (as opposed to a reserve held for a known commitment). Shropshire Council has held and used a Financial Strategy Reserve for a number of years as a contingency for delivering a balanced budget.
		Level 3	Financial position requires the use of the General Fund Balance in a manner not in-line with general financial planning (such as managing projected outturn over or underspends within agreed parameters).
Lowest Level Assurance	Level 2	A developing financial position requires the creation, and delivery, of In-Year Savings to enable a balanced budget to be achieved.	
	Level 1	Emergency measures that require the Section 151 Officer to issue a S114 Notice banning all but essential spending.	

In previous eras it has never been necessary for a Local Authority to consider moving beyond Level 7. The predominance of shorter-term funding mechanisms by successive governments since the Comprehensive Spending Review in 2010 has necessitated the movement to levels 6 and 5 in intervening years. As a Council we have moved down to Level 4 on occasions to provide for the timescales to implement certain savings proposals. The Budget Plan – 2021/22 assumes that we will at Assurance Level 4 or above.

Assurance Level	Description	Individual Total Applied £m	Overall Cumulative Total £m
	Opening Funding Gap 21/22 – Jul 2020		33.3
Level 7	<u>Change in Funding Gap since Jul 2020:</u>	£m	
	Growth	9.8	
	Savings added back	1.6	
	+1% ASC precept	1.6	

REVENUE FINANCIAL STRATEGY (SUSTAINABLE BUDGET)

	Collection Fund deficit	0.3	
	Additional Grants	-	
		3.3	
	Total Net Growth, Savings, additional base budget grants since July 2020	6.7	40.0
Level 6	One off Grants	-23.6	16.4
Level 5	One-off Funds Assumptions	0	16.4
Level 4	Financial Strategy Reserve (Value £20.8m)	-16.4	0
Level 3	General Fund Balance (Value £13.5m)	0	0
Level 2	Emergency Savings	0	0
Level 1	S114 Requirement	0	0
	Expected Funding Gap 21/22		0

6.2 Financial Strategy 2021/22 to 2025/26

Although the Council plans to set a balanced budget for 2021/22, that does not mean that progress in delivering of an optimised budget position will be delayed until 2022/23. Work towards this aim is on-going and may result in in-year changes to the 2021/22 Financial Year where this is beneficial. Plans to deliver a long-term sustainable budget for Shropshire Council are built around the three assumptions referred to earlier:

- The Performance Optimisation Assumption
- The Unsustainability Assumption
- The Covid-19 Assumption

The Performance Optimisation Assumption

A look ahead to the 2021/22 Financial Year and beyond indicates the potential for significant change on the horizon for the Council at a local level. Council elections are due in May 2021 bringing to an end the current four-year term and with it the need to set a new four-year plan. The Council has recently appointed a new, permanent Chief Executive who will be tasked with creating a new Corporate Plan to meet the expectations and direction of a new Administration. The Financial Strategy cannot be created in isolation and needs to reflect the Council's priorities, not set them.

The need to put time aside to develop a new Corporate Plan, itself within a developing environment, does not afford the Council time to delay the production of a robust Financial Strategy. What we have is a vision, an understanding of our core priorities and have recently developed a series of organisation principles for the Council to operate under. Fully embedding these design principles, developing a target operating model, revising a Corporate Plan and reaching a period of relative political stability is not deliverable in less than nine to twelve months. Nevertheless, providing we are mindful of the dynamics of this developing position, we can set out the approach the Council will ultimately need to take within its Financial Strategy now.

REVENUE FINANCIAL STRATEGY (SUSTAINABLE BUDGET)



The direction of the Financial Strategy under these Organisational Principles focusses on the cost of investment, return on investment and delivery of cost and efficiency savings. That is to say, investment to transform the way in which the Council works, in line with these principles, will be reliant on quantifiable return on this investment and will generate cashable and non-cashable efficiencies and savings to help facilitate a sustainable and balanced Financial Strategy into the future.

The Council's controllable spending can be described across three major areas – People (including transport and commissioning), Assets (including property and other assets) and external contracts. The key to delivering a sustainable Financial Strategy is a shift away from the traditional model of delivery to an Optimal Model as summarised in the table below.

Focus	Enhance		Reduce
People	Added Value	↔	Transactional
Assets & Property	Strategic Asset Management	↔	Traditional
Contracts	Commissioning Outcomes	↔	Negotiation

REVENUE FINANCIAL STRATEGY (SUSTAINABLE BUDGET)

The Optimal Model alluded to here requires considerably more work and consideration to fit within a developing Corporate Plan, and will involve investment of time, resources and finance. The Workforce Transformation Strategy, Asset Management Strategy and Commissioning Strategy will all need to be redeveloped to identify the necessary investment and consequent return on investment to enable the Financial Strategy to be delivered.

The basic principle of the 'Performance Optimisation Assumption' element of the Financial Strategy is that Shropshire Council will drive to deliver the key outcomes for Shropshire communities in the most efficient, highest quality and financially economical way possible. The ultimate outcome is to drive Council performance to its highest attainable level over the medium to long term.

The Unsustainability Assumption

Years two to five within the Financial Strategy (2022/23 to 2025/26) assume that the Government will complete the delayed Fair Funding Review. It is difficult at this stage to predict with any accuracy what the implications will be for Shropshire Council. It is assumed, however, that one off sources of funding such as the Rural Services Delivery Grant, Improved Better Care Fund and New Homes Bonus will be removed in future years. With growth in services such as social care anticipated to continue to grow as per current demography, this results in a Funding gap of £48.1m in 2022/23 growing to £69.0m in 2025/26. At the present time the pressure on service costs, particularly the demographic impact of Adults and Children's Social Care is unsustainable within Shropshire. The current funding mechanism, one that limits Council Tax increases to less than 2%, one that attempts to link social care growth costs and complexity to one-off grants calculated using outdated and inequitable 'Relative Needs' models and to a precept on the number of Band D households in the geographic area is inappropriate and unsustainable. Without the fundamental change promised by Fair Funding, Shropshire Council simply does not have the tools in the box to resolve this issue.

The basic principle of the 'Unsustainability Assumption' element of the Financial Strategy is that Fair Funding, or an equivalent national funding methodology, will be implemented from 2022/23 and will accurately reflect the costs and future annual growth in costs of (predominantly) delivering social care services, resolving the structural funding gap within Shropshire.

The Covid-19 Assumption

At the commencement of Government action to manage the Covid-19 pandemic, the UK government announced a series of measures and conditions under which the population, businesses and the public sector must operate. These requirements continue to change and develop, but remain fundamentally a decision for government. As part of this approach the Prime Minister and Chancellor of the Exchequer committed to providing funding for the impacts of Covid-19 measures on Local Authorities. In Shropshire, throughout 2020/21 it can be evidenced that that pledge has fundamentally been met so far; with the estimated direct costs of Covid-19 reasonably matched to funding made available. Put simply, it is essential that this

REVENUE FINANCIAL STRATEGY (SUSTAINABLE BUDGET)

approach continues. Shropshire Council does not have resources available to manage Covid-19 measures locally within its own resources.

The basic principle of the 'Covid-19 Assumption' principle of the Financial Strategy is that all known direct costs resulting from measures undertaken as a result of government responses to the Coronavirus pandemic will be fully funded by external government grant or similar directives.

7.1 General Fund Balance

During 2019/20 the General Balance held was reduced in order to fund the overspend within the revenue budget, to temporarily fund an overspend that occurred within the trading unit of Shire Services, and in order to fund the Bellwin threshold due to flooding experienced in February 2020. This resulted in the General Fund being below the risk assessed level determined within the MTFs in February 2020. The risk assessed level quantifies the level of General Fund that should be considered to protect against unforeseen expenditure or financial pressures arising each year, and the reasons for drawing down just over £2m of General Fund Balance to support the revenue budget demonstrates the need to hold a sufficient level of General Fund Balance for such emergency situations.

The Risk Assessment is undertaken annually and reported to Council in February for approval alongside the budget. The Council's Budget Plan for 2021/22, when finalised in February, will take account of the risk assessed level of General Fund Balance calculated for 2021/22 and any shortfall or adjustment considered necessary will be approved at that point.

Savings for delivery in 2021/22 – Total £9,872,490**2021/22 New Savings (Revised Descriptions) - For Approval**

Directorate	Reference	Description	Value
Adult Services	3A40	Use of ongoing grant funding to fund technology and equipment costs	500,000
Adult Services	3A41	Purchasing review to include high cost packages and spot bed prices	450,000
Adult Services	P41	Negotiate contract savings upon renewal, through better contract management	123,560
Children's Services	P41	Negotiate contract savings upon renewal, through better contract management	9,175
Finance, Governance & Assurance	P41	Negotiate contract savings upon renewal, through better contract management	95,082
Place	P35	Efficiencies within administrative buildings	500,000
Place	P39	Raise income from investment in assets	2,000,000
Place	P41	Negotiate contract savings upon renewal, through better contract management	123,094
Workforce & Transformation	P41	Negotiate contract savings upon renewal, through better contract management	49,089
			3,850,000

Delayed 2020/21 Savings for delivery in 2021/22 (For note)

Directorate	Reference	Description	Value
Adult Services	2A03	External income generation	100,000
Adult Services	2A28	Public Health services training income	10,000
Place	P59	Increased income generation within Highways and Transport	900,000
Place	P41	Negotiate contract savings upon renewal, through better contract management	63,970
Place	P41	Negotiate contract savings upon renewal, through better contract management	92,320
Place	P78	Additional income Fleet Management	52,000
			1,218,290

Delayed 2020/21 Savings for delivery in 2021/22 under different proposals (For Approval)

Directorate	Reference	Description	Value
Adult Services	3A41	Review of block contracting arrangements	376,440
Adult Services	3A42	Additional CHC funding	450,000
Adult Services	3A43	Purchasing review to include high cost packages and spot bed prices	789,760
Adult Services	3A44	Review of ring fenced Public Health services	150,000
Corporate Budgets	3F10	MRP base budget reduction	1,943,000
Place	3P70	Increase income within Planning Services	300,000
Place	3P71	Efficiencies within administrative buildings	200,000
Place	P39*	Raise income from investment in assets	200,000
Place	3P72	Increased installation and use of solar panels	100,000
Place	P41*	Negotiate contract savings upon renewal, through better contract management	95,000
Place	3P73	Increased income for Streetworks team	100,000
Place	3P74	LED street lighting	100,000
			4,804,200

**These changes result in increases to the values of the savings targets listed in the New for 21/22 list totalling £3.850m*