



Cabinet meeting on 20th December 2017

**Strategic Plan and Medium Term Financial
Strategy 2018-2023**

**Report Summary from Philip Atkins, Leader of
the Council and Mike Sutherland, Cabinet
Member for Finance and Corporate Matters**



Council Leader, Philip Atkins said:

“As we move to becoming self-financing, it will become more crucial than ever that we continue to grow our economy. We do have a good story to tell, in that our economic programme has already brought in almost £400 million of investment, with every pound from the county council being matched by £15 from the private sector or Government, and once complete it will see the creation of over 13,000 jobs.

“However, we need to balance this against the increasing costs of funding the support of a growing ageing population and numbers of children in our care – which will see us spend a record £310 million on next year alone.

“As a local authority we can’t spend more than we have coming in and, in order to try and close the increasing financial gap over the next five years, we will all have to work together to help each other more in our communities and take steps now to live out our lives longer, healthier more independently where we can as the public purse simply can no longer sustain the growing demand.”

Mike Sutherland, Cabinet Member for Finance and Corporate Matters, said:

“Staffordshire has benefited from one of the lowest county council taxes for a number of years and still does, but the financial challenges which lie ahead are still significant and that’s why we all now have to pay a little more and do a little more to be able to continue to support those who need our help the most.

“The Government recognised the challenge in part by introducing the social care precept, but the issue of funding adult social care in the longer term is something which very much still needs to be addressed at a national level.”

1. This report provides Cabinet with an update on the evolving work in preparing our Strategic Plan and Medium Term Financial Strategy (MTFS). The Strategic Plan sets out the vision of what we hope to achieve for Staffordshire in the next four years and the ways we will work with our residents, communities, businesses and partners to make this a reality. Our Medium Term Financial Strategy provides details of how we will fund our operations.

2. **Recommendations** – we recommend that in respect of the Strategic Plan and Medium Term Financial Strategy 2018-2023, Cabinet:
 - a) Note the progress made in developing the Strategic Plan for 2018/22;
 - b) Note the challenging financial outlook facing the County Council;
 - c) Note the significant work that has been done to develop cost reduction options;
 - d) Ask that work continues to identify additional proposals needed to address the funding gap in 2018/19 and future years;
 - e) Ask the Corporate Review Committee to scrutinise the proposed pressures and cost reductions against the principles of a good and balanced budget.

Cabinet – 20th December 2017

Strategic Plan and Medium Term Financial Strategy (MTFS) 2018-23

Recommendations of the Leader of the Council and the Cabinet Member for Finance and Corporate Matters

1. We recommend that in respect of the Strategic Plan and Medium Term Financial Strategy (MTFS) 2018-23, Cabinet:
 - a) Note the progress made in developing the Strategic Plan 2018-22;
 - b) Note the challenging financial outlook facing the County Council;
 - c) Note the significant work that has been done to develop cost reduction options;
 - d) Ask that work continues to identify additional proposals needed to address the funding gap in 2018/19 and future years;
 - e) Ask the Corporate Review Committee to scrutinise the proposed pressures and cost reductions against the principles of a good and balanced budget.

Report of Director of Finance and Resources and the Director of Strategy, Governance and Change

Background

2. Following County Council elections in May, work began on a new Strategic Plan for the organisation to cover the period 2018-2022. This plan, which will be presented to Cabinet and Full Council for approval in February, will set out the County Council's vision and priorities for Staffordshire and its people over the next four years and beyond.
3. This report provides Cabinet with an update on work to date in developing the new Strategic Plan 2018-22, a supporting annual Delivery Plan and the accompanying Medium Term Financial Strategy (MTFS), which provides details of how our operations will be funded over the five year period 2018-2023.
4. Over the last eight years, the County Council has had a clear vision to create:

“A connected Staffordshire, where everyone has the opportunity to prosper, be healthy and happy”

Both strategies will also show detail how we work with Staffordshire's residents, businesses and our partners to deliver our three priority outcomes, that the people of Staffordshire will:

- **Be able to access more good jobs and feel the benefits of economic growth**
 - **Be healthier and more independent**
 - **Feel safer, happier and more supported in and by their community**
5. Guided by that vision since 2009, the County Council has made significant progress and a positive difference in the lives of our residents. More people are in

work than ever, Staffordshire's economy is strong and growing, and significant investment has been delivered across the county in business sites, roads, broadband and schools.

6. School standards and results are improving, more children are reaching the age of 5 years old ready to start school and thrive, and Staffordshire has one of the best children's services in the region and indeed the country. Residents tell us they feel safe and happy.
7. This has been achieved during a period of enormous change across the public sector and in the way it is funded, growing demand from an ageing population, and continuing changes in the way people live. In that time the County Council has reduced its costs by £195million by changing the way we work and support Staffordshire people and business.
8. Throughout 2017 we have worked hard to deliver on existing plans and improve outcomes against our key priorities:
 - The proportion of the county's working age population claiming Job Seeker's Allowance (including Universal Credit) remains significantly lower than the West Midlands and England, consistently remaining at around 1% during 2017.
 - The proportion of schools rated as 'good' or 'outstanding' by Ofsted has increased over the last couple of years and is now in line with the national position.
 - School readiness, measured by children achieving a Good Level of Development at the end of Reception (aged four to five) improved again and continues to be above regional and national averages.
 - Staffordshire Children's Services received its second consecutive 'Good' rating from Ofsted.
 - Social care related quality of life for 2016/17 remained in line with the national average. The percentage of adult social care users who have as much social contact as they would like also remained in line with the national average.
 - Based on survey data, 94% of residents are satisfied with their local area as a place to live, a 7% increase on last year.
 - Staffordshire remains a safe place to live, with the rate of recorded incidents of anti-social behaviour remaining stable between August 2015 and October 2017. In September, 99% of residents said that they felt safe in the day and 87% said that they felt safe after dark.
9. Serious challenges remain for Staffordshire, its people and the local public sector. More people are in work, but not enough people are earning the wages they need to lead the lives they want. There is continuing uncertainty for local employers and their staff around the impact of Brexit. Health and care challenges are great, with a growing ageing population and enormous financial

pressures on the health and care system. And the numbers of children coming into the care system is increasing, in line with national trends.

10. In developing the new Strategic Plan, it is clear that the County Council's vision and its three priorities for the people of Staffordshire will endure. They reflect what matters most to local people. We all want to be happy, have a good job, live in good health and do the things that we enjoy. People want much greater control over their own lives and to influence what they want and need from public organisations. The county council's role, working with others, is to help create the conditions for people to flourish, achieve their potential and make the best possible choices for themselves and their families.
11. The county council remains hugely ambitious for Staffordshire's future yet realistic about the challenges ahead. We are clear where we need to concentrate our efforts: growing the economy to create better jobs for local people; supporting the construction of more homes to meet growing demand; improving schools and skills levels; improving health and care across the county; preventing ill health through lifestyle choices; and transforming the way we support vulnerable children and families.
12. In order to do this against a backdrop of reduced Government funding and growing demand for much of the support we provide, the way the County Council operates must continue to evolve. We have identified four themes, or enablers, that will underpin delivery of the Strategic Plan. They are: Workforce; Digital; People Helping People; and Networks. Full details on these enablers will be contained within the new Strategic Plan presented to Cabinet and Full Council in February.
13. As a well-run County Council, we will continue to reduce costs and find more efficient ways of working. However, our growing, ageing population, rising costs, and growing demand for services mean that more fundamental changes will be required. The County Council has changed significantly over the last 8 years but that pace of change will accelerate over the next four years if we are to live within our means.
14. In recent years we have been increasingly honest that we can no longer afford all the things we used to do or would like to do. We need to find different ways of working that help people to help themselves, take greater personal responsibility for their own lives, health and wellbeing, and greater responsibility for improving their own communities. If we succeed in this and reduce demand on public services, the County Council can target the reducing resources we have at the people who really need them.
15. Therefore in the coming year:
 - a. We will work hard to ensure that the economy continues to grow and that everyone has a good job with good prospects
 - b. We will help people to help themselves to lead happy and independent lives with less need for services and support

- c. We will continue to support those least able to help themselves through creating new models of care in line with our resources

16. The new strategic plan will be presented to Cabinet for its recommendation on to Full Council for agreement at its meeting in February 2018.

MTFS Underlying Principles

17. The Delivery Plan will

- Provide visibility and clarity regarding organisational priorities and their contribution to outcomes and the MTFS;
- Provide an annual breakdown of vision into deliverables;
- Ensure that roles, accountability and responsibility are clear;
- Provide framework for performance management of key priorities including monitoring, reviewing and corrective action.

18. In order to support and under-pin the Business Plan the Medium Term Financial Strategy (MTFS) process continued on a rolling basis from March 2017. The challenge to the whole organisation is to identify options that in the future mean that services live within their means. In order to meet this challenge, the MTFS has been developed and refined in accordance with the following principles:

- Driven by the new vision; new strategic plan;
- To be delivery plan-led not finance-led;
- To be evidence-based using a data-driven approach;
- Being part of an on-going, continuous process led by service leadership teams;
- Being informed by a focus on the initiatives of Smart Staffordshire, Digital and People Helping People;
- Shaping options around a focus on the people of Staffordshire as citizens rather than customers;
- To assess service change options against the following tests to determine whether they are:
 - 'managerially deliverable',
 - 'politically acceptable' and
 - 'deliver outcomes'

19. One of the biggest pressures on our budget is from a rising number of people needing care and support, both adults and children. The Council has taken these into account when setting its budget. However it is important that we manage this demand effectively in order to prevent unaffordable increases in the cost of care and support. Demand management involves looking at the whole population, understanding how and why people move around the triangle to design effective ways of stopping people needing support, e.g. by promoting better health. Whilst there is a clear need to provide specialist support for a relatively small proportion (**few**) of our citizens, we need to ensure that we commission smartly using innovation, partnership working and a strong commercial approach to promote independence.

20. In addition there will also need to be targeted intervention in **some** areas but the answer should always be one of community first, in local areas and evidence based and one of promoting personal responsibility ('People helping People'). The council is also committed to delivering universal services to **all** in a 'digital by default' way, for instance through information available online and through social media and not duplicating existing services but addressing the root causes of demand and promoting joined up solutions across Staffordshire's public and voluntary sector.

21. Underpinning the planning framework is the council's aim of setting a good and balanced budget:

A **good** budget means that:

- It has a medium term focus, supporting the Strategic Plan;
- Resources are focused on our vision for a Connected Staffordshire and our priority outcomes;
- It is not driven by short term fixes;
- It demonstrates how the county council has listened to consultation with local people, staff and our partners;
- It is transparent and well scrutinised;
- It is integrated with the capital programme; and
- It maintains financial stability.

A **balanced** budget means that:

- Income equals expenditure;
- Cost reduction targets and investment proposals are credible and achievable;
- Key assumptions are "stress tested".

Medium Term Financial Strategy (MTFS) update

22. The MTFS sets out the financial implications of the council's Strategic and Delivery Plans. The development and refinement of the Strategic Plan is undertaken in conjunction with the financial planning process to ensure that budgets reflect the council's aims and objectives.

23. The period for the MTFS is five years, which provides a framework that promotes longer term planning. Further Government initiatives announced since February 2017 are discussed in the following paragraphs.

24. The Local Government Finance Settlement for 2017/18 included provisional amounts for the years from 2018/19 to 2019/20 and these have formed the basis of the assumptions included in this plan. These amounts remain indicative however, and it is possible that there will be different grant settlements allocated to Staffordshire in the Provisional Settlement for 2018/19. The Provisional Settlement is expected to be announced in mid December, after these papers are published but, hopefully, before the Cabinet meeting.

25. Identifying efficiency through innovation and new ways of working has featured heavily in previous years' MTFS and, in the light of the current economic

climate will continue to be a fundamental part of the council's plans going forward. The council has a proven track record of delivering cost reductions with £195 million being identified and delivered in the past seven years (up to and including 2017/18).

26. The council still has a number of challenges ahead and the way residents' needs are met must continue to evolve. The delivery of challenging cost reduction targets and the management of current and future pressures is crucial to the delivery of the MTFs and the aspirations set out in the Strategic Plan.
27. It is now necessary to update the MTFs for the changes and developments since February. The key elements of the Strategy discussed in the report are:
 - a. The current economic climate
 - b. Business Rates Pilot
 - c. Autumn Budget 2017
 - d. Flexible Use of Capital Receipts
 - e. Provisional Local Government Finance Settlement
 - f. Projected pressures and cost reduction options
 - g. MTFs Approach
 - h. Risks
 - i. Consultation
 - j. Scrutiny arrangements

Current Economic Climate

28. Following the EU referendum in 2016 and the decision to end Britain's membership of the European Union, there has been economic uncertainty, inflation has increased and the Bank of England has increased interest rates for the first time since 2009. Britain will officially leave the European Union in March 2019 but the Government has much work to do before then to ensure agreements are in place to cover every aspect of Brexit.
29. This impacts on the County Council in two ways. Firstly there is the potential for economic uncertainty to affect people's living standards, leading to increased demand for services and falling tax receipts that fund public services. Secondly, the Government has a great deal of work to do on Brexit which takes up its time and diverts it from other issues.
30. The Government's Office for Budget Responsibility (OBR) has direct control over the forecasts and judgements and is required to make an independent assessment of the public finances and the economy. The Bank of England continues to exercise control over interest rates and the supply of money.
31. The OBR produces forecasts for the economy and public finances. There are a number of briefings produced throughout the year, setting out best estimates of inflation and other economic measures such as Gross Domestic Product (GDP) over the medium term. Whilst these measures do not necessarily have a direct bearing on council activity, it is important that plans are set with regard to these measures as they are the best estimate of the state of the economy and the impact they may have on council services and funding.

32. In March 2017, the OBR predicted growth of 2.0% in 2017. However its November forecasts have reduced this estimate to 1.4% in 2018, 1.3% in 2019 and 1.5% in 2020.
33. The economic outlook regarding interest rates also has an impact on the MTFS and is reflected in the capital financing budget. The capital financing budget is made up from three component parts as follows:
- The repayment of the principal on our debt;
 - Payment of interest on our debt outstanding; less
 - Receipt of interest earned on cash we hold.
34. The interest on debt remains fairly constant due to the long term nature of the county council's borrowing. The average rate for interest on debt is just below 4%. The income receipts generated are dependant on the interest rates set by the Bank of England.
35. The Bank of England base interest rate was at the historic low of 0.5% since March 2009, until August 2016 when it was reduced to 0.25% following the EU referendum. In November 2017, the base interest rate was increased to 0.5% with the Bank of England hinting at further rate risings in the coming years but only around two further rises in the next three years are predicted. The forecast produced by the council's advisers, Arlingclose Ltd, shows that interest rates are forecast to remain static for the whole MTFS period.
36. On current investments a 1% rise in interest rates generates £1.5m worth of gross income to the county council.

Business Rates Pilot

37. In 2016, the Government announced its intention to move to a system of 100% business rates retention and in September 2017, DCLG published an invitation for local authorities to bid for a business rates pilot.
38. The County Council is part of a bid for a Staffordshire-wide pilot. The bid includes all District and Borough Councils in Staffordshire, plus the County Council, the Fire and Rescue Authority and Stoke-on-Trent City Council. Notification will be made as part of the Provisional Settlement regarding the success or otherwise of this bid.
39. If the bid is successful, it will mean that the County Council will keep 59% of all business rates collected in Staffordshire, rather than the 9% it retains under the current system. This also means that the County Council will bear a larger share of the risk of income being less than expected and of successful appeals.
40. If the bid is unsuccessful then the current business rate system will remain in place and the County Council will continue to receive 9% of the business rates collected in Staffordshire. Currently, the MTFS continues to assume that 9% is retained and the forecasts for future years are included on this basis.

Autumn Budget 2017

41. The Chancellor presented the Autumn Budget on 22nd November 2017 to the House of Commons. The Budget included initiatives to encourage economic growth such as further increases to the National Productivity Investment Fund and further investment in housing. The announcement included additional funding for the NHS, in both 2017/18 and 2018/19. However there was no mention of any additional money for social care.
42. It is hoped that the Provisional Local Government Finance Settlement will provide some additional funding for this service area, as well as the outcome of the bid for a business rates pilot.

Flexible Use of Capital Receipts

43. The Government issued a Capitalisation Direction to allow revenue expenditure of a transformational nature to be funded from capital receipts. This formed part of the MTFS last year and as such, £15 million of receipts was included in the budget for 2017/18 and 2018/19. The County Council is on target to deliver the £30 million over the two year period. The Capitalisation Direction ends after 2018/19 and there is currently no option to extend this into 2019/20 which adds to the budget gap.

Provisional Local Government Finance Settlement

44. The Provisional Local Government Finance Settlement is expected to be announced in mid December. This will contain further detail on the funding available for Staffordshire and Cabinet will be updated on the implications arising from the settlement. Depending on the outcome of the settlement, Cabinet may be updated in January before the final budget report in February.

Projected pressures and cost reduction options

45. When the 2017/18 MTFS was agreed in February, the position was a gap of £6.1m in 2018/19 with larger gaps of around £20m a year in the future years. It was agreed that action to close the gap in 2018/19 would commence from March 2017. Therefore the MTFS process has continued, on a rolling basis, alongside the delivery plan and the development of various options for transforming service delivery.
46. The pressures and cost reductions have been subject to challenge with senior officers and Cabinet members. The main area of demand for council services remains social care, for both adults and children and financial pressures in this area are increasing.
47. In the Spring Budget, announced in March 2017 after the 2017/18 budget had been approved, additional funding for adult social care was allocated to Staffordshire. This was a further allocation of the Improved Better Care Fund (iBCF) and the additional funding amounts to £15 million in 2017/18, £10 million in 2018/19 and £5 million in 2019/20. As this was announced after the 2017/18 MTFS had been approved, it is additional and can contribute towards

funding those new pressures emerging in 2018/19 and 2019/20. As part of the Better Care Fund plan the County Council and the Staffordshire CCGs have agreed expenditure of the improved Better Care Fund additional grant to support adult social care.

	2017/18	2018/19	2019/20
	£m	£m	£m
Admission avoidance / discharge to assess	3.234	0.474	0.004
Enhanced primary and community care	1.496	0.896	0.396
Ensuring sustainability of adult social care	10.829	8.710	4.603
Total	15.559	10.080	5.003

48. The plan includes investment in transformation, meeting cost pressures in adult social care and covering financial risks. The MTFs includes pressures based on all the iBCF planned expenditure from 2018/19 onwards. The majority of these pressures are deemed to be ongoing at least in the medium term, as shown in the table below. The pressures are only partially funded from the additional iBCF allocation with the MTFs picking up the shortfall as the funding reduces. The tables show how the iBCF monies have been used to protect adult social care across the three years of the allocation. From a review of the risks in the 2017/18 allocation, £2m is deemed to be available to carry forward to manage the reduction in future years' funding.

£m	2018/19	2019/20	2020/21	2021/22	2022/23
<u>Spend on iBCF Pressures</u>					
Care Commissioning	14.612	21.685	28.125	34.151	40.646
Adult Social Care and Safeguarding	0.396	0.396	0.000	0.000	0.000
Public Health	0.500	0.000	0.000	0.000	0.000
<u>iBCF Funding</u>					
iBCF carry forward 2017/18	-2.000				
iBCF Grant	-10.080	-5.003			
Net additional pressure	3.428	17.078	28.125	34.151	40.646

49. The main pressures in the Health and Care Directorate result from increasing demands for services across all client groups, although this is rising less steeply than would be expected given the ageing population. In addition the Council is assuming inflationary price rises, including proportionate rises around National living wage, to homecare and care home providers. The Spring Budget allocation of iBCF helps to mitigate pressures in 2018/19 but as the additional funding reduces, the pressures increase which is therefore adding to the budget gap for future years. Also, in future years, the Public Health ring-fenced grant will reduce further and this introduces a pressure into the MTFs from 2019/20 onwards.

50. The Families and Communities Directorate is facing increasing demand in Children's Services with both numbers and placement costs for Looked After Children increasing. Preventative work to reduce the numbers of children needing to be taken into care will provide benefits further into the future and a related saving included in the 2017/18 budget will not be achieved in this

current year, or in 2018/19. There are also pressures in the Special Educational Needs (SEN) Home to School Transport service and as a result of the School Forum's decision not to allocate funding from the Dedicated Schools' Grant (DSG) for the Local Support Teams.

51. Outside the issue of social care, there are a number of minor pressures in other service portfolios with the main one being around the level of waste tonnages. Taking all the pressures into account, this makes a total of £31.5m in 2018/19. The details of all pressures are shown in **Appendices 2a to 2e**, by Directorate.

52. Cost reductions in the Health and Care Directorate that contribute towards the overall budget gap have been identified by reviewing and renegotiating contracts, alongside reviewing service provision. There are already cost reductions in this directorate which were approved in prior years but which increase during the MTFS period.

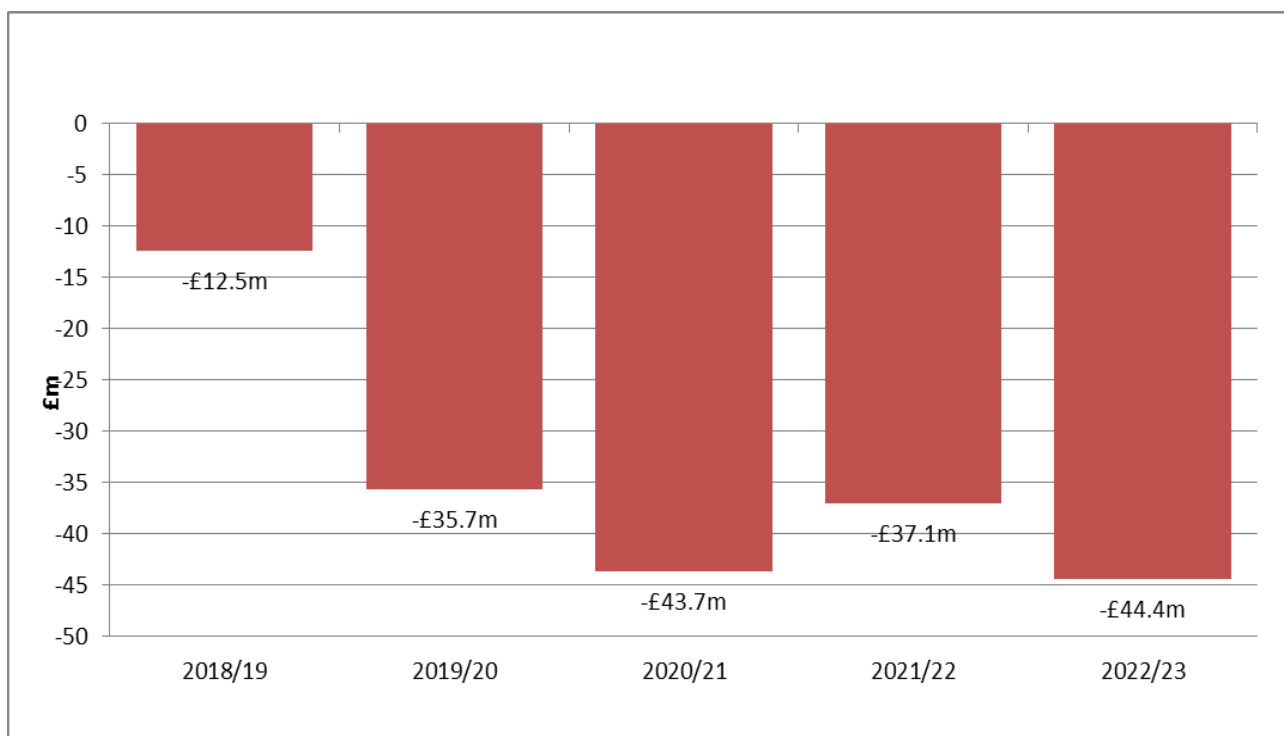
53. Across the Families and Communities Directorate, cost reductions have been identified across a range of services. The Schools' Forum has approved the use of £1.7 million of DSG to fund LEA activities. This funding was previously provided as part of the Education Services Grant and requires annual approval from the Forum.

54. The remaining directorates have identified further cost reductions and in total the reductions included in the MTFS amount to £11.5m in 2018/19. These cost reduction options are shown in **Appendices 2a to 2e**.

55. The total pressures and cost reductions are shown in the table below:

	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
Total pressures	17.5	19.2	22.9	29.4	36.7
Inflation	14.0	28.5	40.8	49.0	49.0
Total cost reductions	(11.5)	(18.6)	(26.2)	(29.7)	(29.7)
iBCF Funding	(10.1)	(5.0)			
Total	9.9	24.1	37.5	48.7	56.0

56. Taking all pressures and reductions included above, there remains a budget gap of £12.5m in 2018/19 which increases in future years. In future years the gap increases due to the impact of the iBCF reducing and the end of the capitalisation direction. Whilst this reflects the good work services have undertaken to identify new cost reductions, there is still some progress to be made before a balanced budget can be issued for 2018/19. The gap over the MTFS period is shown in the graph below.



MTFS Approach

57. There is a significant estimated gap from 2019/20 which requires a different approach. There is no single answer to addressing this gap and therefore the developing Strategic Plan proposes six strands of activity which together set out the approach to balancing the MTFS over the medium term. Each of these strands is discussed in the paragraphs that follow.

Grow Council Tax

58. As the County Council becomes self-financing due to the loss of government grant, initiatives to increase income become more important. Levels of housebuilding in Staffordshire, in keeping with the rest of the UK, are failing to keep up with the needs and demands of our people. This was recognised by the Government with additional investment in housing in the Autumn Budget. The County Council is pursuing the option of encouraging house building to meet local demand. In doing so, this will also increase the number of properties in the county and therefore increase the income received from council tax.

Grow Business Rates

59. The other income stream which can be increased is business rates and the County Council already has a strong track record of creating the right conditions for economic growth and job creation across Staffordshire. This work will continue. In the current business rates scheme, the County Council retains 9% of the business rates collected and on this basis, would need a 96% increase in the business rates collected to generate an additional £10m. The business rates pilot, if successful, would mean that the benefit to the council of growth would be greater than is the case under the current system.

Lobby Government

60. The County Council plays an active role in consultations with Government and ensures that the situation in Staffordshire is made clear to Whitehall. In addition we work with the Local Government Association (LGA), County Councils Network (CCN) and others to influence Government policy and secure additional funding and responsibilities for the benefit of Staffordshire and its people. There is a green paper on social care due to be published in summer 2018 and the expectation is that this will set out plans for a longer term solution to stabilise social care and support the NHS. In addition the Government is undertaking a fair funding review of local government and Staffordshire has already made a contribution to consultation in this area. Changes in funding would be reflected through a new, 100% retention system for business rates. The costs of children in care also continues to be of concern with the number of children looked after increasing, together with higher care package costs, all placing more pressure on already stretched budgets.

Leverage Balance Sheet

61. In recent years the County Council has become more commercial in its approach and is considering making investments in property, particularly where there is both a return to be earned and a wider benefit for the citizens of Staffordshire.

New Offer

62. There are three new and interconnected initiatives that are being developed, in order to re-define and shape a new offer to the citizens of Staffordshire. Firstly the County Council is developing its own digital programme, exploring how to better use technology and data to help people and business access the support they need. This is linked to a wider Smart Staffordshire project which brings together the County Council, universities, businesses and other public partners to create a single digital transformation programme with shared objectives across the entire county. The final element of this new approach is the County Council's work with communities, called People Helping People, which aims to give citizens more control and the ability to act on the issues that matter most to them. The County Council will continue to provide care and support for people where it has a legal duty to do so. In doing this we will have to take our overall funding into account. This may mean that not everyone gets exactly the support that they want.

Reduce Costs

63. In the last seven years the County Council has reduced its costs by £195million, finding new, more efficient ways of working that deliver outcomes for residents. As a well-run council, we will continue this approach across the whole organisation, identifying opportunities to reduce overheads for instance through greater use of technology, joint working with partners, and closer working with the community.

Risks

64. There are a range of significant risks which need to be carefully monitored and managed. In some cases the risks may not materialise or may be managed in order to mitigate their impact on the budget. These risks are set out in paragraphs 73 to 75.

Sensitivity Analysis

65. In terms of assessing the impact of changes under various scenarios the following table sets out a guide to the effect of changes to the major cost elements/funding streams:

Impact of (+ or -)	Equates to (+ or -)
1% Revenue Support Grant	£0.3 million
1% Council Tax	£ 3.2 million
1% Business Rates growth (SCC receives 9% of the total collected rates across Staffordshire)	£2.8m across Staffordshire, of which SCC receives £249k (9%)
1% Pay award (excludes staff funded from specific grant (e.g. Dedicated Schools Grant))	£ 1.1 million
1% Non-pay budget	£ 1.4 million
1% Interest (on balances)	£ 1.5 million

66. Details regarding the assumptions used in the MTFs for the major cost elements and funding streams are attached as **Appendix 3**.

Council Tax

67. The County Council has consistently maintained one of the lowest council tax rates of any English county council. For four years the council tax was either kept the same or reduced. However, in 2016/17 the demands for our services meant that we could no longer maintain this and we needed to ask local people to pay more towards the services they need. The Government has allowed local authorities with responsibility for providing adult social care to levy an additional precept, with a maximum increase of 3%. The current planning assumption is that council tax will again increase by 4.95% in 2018/19, including an increase in the precept for adult social care of 3%.

Summary

68. Based on the options shown in **Appendices 2a to 2e**, the MTFs still has a gap of £12.5m in 2018/19, rising to approximately £40m each year in the future years. Further work is required to close this gap. However, the exact level of government funding the County Council will receive for 2018/19 and future years will not be known until the Provisional Local Government Finance Settlement is announced in mid December.

69. The County Council has a legal responsibility to balance the budget in 2018/19 so proposals will be presented in February to do that.

Consultation

70. Effective consultation is a key principle of a good and balanced budget. We want to make sure that we are tackling what really matters to people in Staffordshire therefore good consultation is an integral part of “stress testing” the assumptions included in the MTFS to ensure we meet residents’ needs.

71. For many years the council has undertaken a range of briefings locally such as focus groups, residents’ and citizens’ panel surveys and other specific events. Early in the New Year, briefings will take place with trade unions and the business community. Further specific consultation will take place as required, if there are any proposed changes to services. This approach, together with the outcomes mentioned above etc, informs risk and community impact and has resulted in the proposed allocation of the budget across services.

Scrutiny Arrangements

72. Scrutiny of the MTFS has been undertaken by a working group of the Corporate Review Committee. Last year’s work has been reviewed to continue with the development of the scrutiny process and key areas of risk were identified for further detailed examination. This ensured that scrutiny efforts have been focussed on key priority and high risk areas. It is requested that the Committee also scrutinise the projected pressures and cost reduction options in this report and report their findings to Cabinet in January.

Risk Assessment and Robustness of Budget

73. The robustness of the budget when considered in light of the finite resources available to the county council and how politically it is allocated across the services is essentially a judgement about the assessment of risk. The main risk faced by the council this year is the uncertainty about how much funding will be received from Government and the ability to control costs to fund demographic and other pressures. The other key risks identified at this stage that need to be managed effectively are set out below.

- The biggest risks are around social care and, specifically the Better Care Fund. Whilst NHS England have approved the 2017-19 BCF plan including the DTOC target, there remains a risk that they may withhold 2018/19 funding if the target is not achieved. This puts at risk approximately £20 million in 2018/19;
- Risk that the numbers and/or costs of adults requiring care and support exceeds the estimates on which the MTFS is based;
- Cost of care and support for children transitioning to adults are higher than currently provided for in the MTFS;
- Independent Living Fund grant cessation cannot be mitigated;
- Risk that CCGs withdraw doctors’ funding for reviewing applications;

- Whole system change around Children's and Families' implementation including community capacity and new ways of working not fully embedded to support delivery of children's system business case;
- A review of DSG / ESG funding within education and support services is underway, there is a risk that the conclusion of that work will reveal a need for further service reductions;
- Risk that restructures not completed in time to realise savings;
- A recent Ofsted inspection highlighted some capacity concerns regarding social worker caseloads;
- Existing cost reductions in the SEN Home to School Transport service are reliant on the wider SEND transformation programme;
- Risk that DSG balances are exhausted and any overspend could fall into the MTFS;
- Spending exceeding budgets and/or income falling short of budgets;
- Plans not being delivered and outcomes not achieved.

74. Whilst the council does have a proven track record of delivering significant cost reductions, the scale, complexity and pace of the changes still required enhances the risk that not all of the cost reduction identified will be delivered. Action to deliver the cost reductions already included in the MTFS commenced twelve months ago, supported by the Transformation Support Unit and continue to be closely monitored by the council's transformation governance arrangements including regular reports to Informal Cabinet, Select Committees, Senior Leadership Team, Delivery Board, Service and Project Boards. Despite this there remains the risk that not all future reductions will be delivered and the identification of alternative options is becoming more and more difficult as the level of funding reduces.

75. With regard to the risk of overspending against budget, thorough budget preparation and detailed monitoring during the year, coupled with the personal financial accountability framework, minimises this risk. Furthermore Finance Business Partners are able to identify any concerns at an early stage, advise management teams and recommend measures to mitigate the impact. Budget monitoring reports are regularly considered by management teams and by Select Committees, Portfolio Holders, SLT and Cabinet on a quarterly basis.

Conclusions

76. By focusing on what matters most to people in Staffordshire and finding new, more efficient and effective ways of working, we have made a good start on the transformation of Staffordshire County Council in order to meet the needs of local people today and tomorrow. As there is a gap of £12.5m in 2018/19, rising to £44.4m in 2022/23, there is still work to do to identify further reductions in spending and to close this gap. While we await the Local Government Finance Settlement service areas have been requested to continue working towards identifying further cost reduction options so that we can meet our legal requirement to set a balanced budget in 2018/19.

77. Funding levels for the remaining four years of the MTFS period are extremely uncertain and it is hoped that the Local Government Finance Settlement will provide some clarity. We are continuing to work with residents, voluntary

groups, partners or the private sector to find new ways to improve lives. This includes inspiring more individuals and groups to play a greater role in improving their local areas. We are already seeing results in our community libraries, for instance. Our approach is about listening, creating the right conditions for Staffordshire's people to flourish, and allowing people to get on with creating their own prosperous future. In turn this allows us to focus our efforts and limited resources on those who need us the most.

78. We also need to encourage people to live healthier for longer – the county council and entire public sector spends vast sums treating health and social problems caused by smoking, obesity and excessive drinking. With less money available, we need to inspire people to take greater responsibility for their own health and wellbeing.
79. It is essential for us to work closer and smarter with our public sector partners who together spend over £7.4 billion a year of public money in Staffordshire. We have a duty to make sure this money is spent as wisely and effectively as it can be to reduce the burden on taxpayers, particularly as we face growing demand for our services especially around care.
80. We will be talking with residents and partners in the months ahead about the role of the county council and will listen further to their ideas on how we must adapt to changing circumstances and help ensure that everyone in Staffordshire can prosper, be healthy and be happy.

Andrew Burns
Director of Finance and Resources

John Tradewell
**Director of Strategy,
Governance and Change**

Equalities implications:

The overarching equalities implications are at the heart of political deliberations with interconnecting links. This interconnectivity is key to delivering within Staffordshire, the best value for money for all. Specific equalities implications arising from the issues covered by this report will be incorporated into outcome and service plans. Equality Impact Assessments will therefore be undertaken for each specific issue, where appropriate.

Legal implications:

At this stage in the development of the MTFS there are no specific legal implications presented by this report.

Resource and Value for money implications:

The Resource and Value for Money implications are set out in the report.

Risk implications:

As outlined in paragraphs 73-75 of the report.

Climate Change implications:

We have considered the impacts on climate change whilst developing the MTFS and have, in line with the county council's key priority concentrated on reducing our carbon footprint in future service delivery plans. As an organisation, over the medium term we are encouraging greater flexible working which aims to reduce emissions even further.

Health Impact Assessment

The impact on public health has been considered whilst developing the MTFS. Innovation and Efficiency options proposed aim to improve and promote the health of citizens through closer working with the NHS. Further implications will be incorporated in the outcome plan for Staffordshire as a place where people live longer, healthier and more fulfilling lives.

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HEALTH AND CARE

Appendix 2a

Projected Pressures, Cost Reduction Options and Investments

Description	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
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Public Health and Prevention

New Service Projected Pressures					
Public Health ring fenced grant reduction.	0.000	1.000	1.000	1.000	1.000
Drugs and Alcohol service.	0.500	0.000	0.000	0.000	0.000
New Service Projected Pressures Total	0.500	1.000	1.000	1.000	1.000

Adult Social Care and Safeguarding

Total Service Spending Pressures Approved in February 2017	(3.600)	(3.600)	(3.600)	(3.600)	(3.600)
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New Service Projected Pressures					
The council commissions district and borough councils to provide a Welfare Benefits service on its behalf. The current contract has an inflationary element which is not budgeted for in the MTFS.	0.056	0.056	0.056	0.056	0.056
The council has agreed to commission the Staffordshire and Stoke-on-Trent Partnership (SSOTP) Trust to provide visual and hearing impairment support to service users as part of its Section 75 agreement. SSOTP have agreed to mitigate this additional cost in future years.	0.400	0.000	0.000	0.000	0.000
New Service Projected Pressures Total	0.456	0.056	0.056	0.056	0.056

Total Service Cost Reductions Approved in February 2017	(0.350)	(0.450)	(0.550)	(0.550)	(0.550)
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Projected Changes to Original Service Cost Reductions					
Mental Health S75 : not possible to achieve the saving originally envisaged.	0.100	0.100	0.200	0.200	0.200
Adults Learning Disability Staffing Structure.	0.075	0.175	0.075	(0.125)	(0.125)
Total Projected Changes to Service Cost Reductions Approved in February 2017	0.175	0.275	0.275	0.075	0.075

New Service Cost Reduction Options					
Redesign of the approach to assessments of people's care needs, making use of modern technology to allow people to self-assess and access simple solutions, improving the customer experience and efficiency.	0.125	0.125	(2.000)	(2.000)	(2.000)
Variation of the Charging and Welfare Benefits contract with the District and Borough Councils who carry out the function on behalf of the council.	0.000	(0.146)	(0.146)	(0.146)	(0.146)
New Service Cost Reduction Options Total	0.125	(0.021)	(2.146)	(2.146)	(2.146)

Care Commissioning

KEY: 1.000 pressure or loss of income
(1.000) cost reduction or additional income

HEALTH AND CARE

Appendix 2a

Projected Pressures, Cost Reduction Options and Investments

Description	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Total Service Spending Pressures Approved in February 2017	0.700	0.650	3.350	6.050	6.050
Projected Changes to Original Service Spending Pressures					
Inflationary pressures, including an amount for National Living Wage.	0.052	1.889	3.038	6.474	9.988
Demographic change is recognised widely as a key risk facing national and local government. The efficiency cost reductions are intended to manage this pressure and prepare for an anticipated escalation over the next 25 years. (Learning Disability).	0.700	0.700	0.700	0.700	1.200
Demographic change is recognised widely as a key risk facing national and local government. The efficiency savings are intended to manage this pressure and prepare for an anticipated escalation over the next 25 years. (Older People).	3.209	2.594	1.944	1.076	2.810
Total Projected Changes to Service Spending Pressures Approved in February 2017	3.961	5.183	5.682	8.250	13.998
New Service Projected Pressures					
Investment to facilitate switch to digital and telephone contacts.	0.336	0.336	0.000	0.000	0.000
Strategic Reviewing Post to identify opportunities to promote independence, reduce costs and increase income.	0.060	0.060	0.000	0.000	0.000
Transition from Children with Disabilities to Adults.	1.500	2.250	3.000	3.750	4.500
Supported Living and Sleep in rates. In light of a government ruling to pay minium wage to sleep in staff.	0.480	0.480	0.480	0.480	0.480
There has been a rise in the number of mental health referrals due to demographic growth which has lead to a pressure on the mental health placements budget. This looks set to continue for the foreseeable future and so it is necessary to increase the budget throughout the MTFs period to cover these additional costs.	0.750	0.750	0.750	0.750	0.750
Increase in cost of Mental Health S75 agreement with SSSFT.	0.450	0.560	0.560	0.560	0.560
Mental Health placements - previously funded by CCGs.	0.590	0.400	0.400	0.400	0.400
Equipment Maintenance.	0.273	0.197	0.197	0.197	0.197
Resources in Brokerage are insufficient in the short term.	0.161	0.161	0.161	0.161	0.161
Loss of S256 funding from NHS.	0.853	0.853	0.629	0.629	0.629
New Service Projected Pressures Total	5.453	6.047	6.177	6.927	7.677
Total Service Cost Reductions Approved in February 2017	(2.932)	(5.327)	(8.077)	(9.327)	(9.327)

HEALTH AND CARE

Appendix 2a

Projected Pressures, Cost Reduction Options and Investments

Description	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Projected Changes to Original Service Cost Reductions					
A review of In-House services provided by SCC to ensure they effectively meet need, including stimulating the market to ensure services are provided in the most cost effective manor to meet eligible need	0.600	0.600	1.200	0.000	0.000
Total Projected Changes to Service Cost Reductions Approved in February 2017	0.600	0.600	1.200	0.000	0.000
New Service Cost Reduction Options					
The council will generate additional income from the Living Independently Staffordshire Service (LIS).	(0.170)	(0.170)	(0.170)	(0.170)	(0.170)
Increased income for Carers service.	(0.800)				
There are currently younger adults with a physical and/or sensory disability who are in SCC funded placements in out of county settings. It is proposed that all placements are reviewed and consideration for them to be placed in county where it is in their best interest.	(0.044)	(0.088)	(0.088)	(0.088)	(0.088)
Use of adult placement services for people with physical disabilities as well as people with learning disabilities rather than residential care, if in their interest.	0.000	(0.047)	(0.066)	(0.084)	(0.103)
Increased income for social work and safeguarding.	(0.942)	0.000	0.000	0.000	0.000
Mental Health reduction in care costs as a result of risk share agreement with SSSFT.	(0.250)	(0.260)	(0.260)	(0.260)	(0.260)
Reduction in care costs and increase in income based on appropriate application of CHS and joint funding rules across all client groups.	0.000	(0.500)	(1.020)	(1.020)	(1.020)
Savings to mental health recovery services.	(0.200)	(0.200)	(0.300)	(0.450)	(0.450)
Increase in client income in line with increase in expenditure.	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)
Greater use of modern technologies for night support.	0.000	(0.048)	(0.072)	(0.096)	(0.096)
Increased income for Advocacy Services.	(0.235)	0.000	0.000	0.000	0.000
New Service Cost Reduction Options Total	(3.641)	(2.313)	(2.976)	(3.168)	(3.187)
Total Health & Care Pressures	7.470	9.336	12.665	18.683	25.181
Total Health & Care Cost Reductions	(6.023)	(7.236)	(12.274)	(15.116)	(15.135)
Health & Care Grand Total	1.447	2.100	0.391	3.567	10.046

FAMILIES AND COMMUNITIES
Projected Pressures, Cost Reduction Options and Investments

Description	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
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Children's Services

Total Service Spending Pressures Approved in February 2017	0.190	(0.110)	(0.060)	(0.270)	(0.270)
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New Service Projected Pressures					
Special Educational Needs – Home to School Transport. A further pressure has arisen in 2017/18. There are a range of actions in place which are starting to make an impact and reduce this pressure. This assumes delivery of future MTFS savings.	0.823	0.823	0.823	0.823	0.823
Looked After Children – there is a forecast overspend in 2017/18. This is as a result of unit prices rises as well as demand. The latter is a national trend and may continue to rise. The pressure included in the MTFS assumes that a range of initiatives, funded from corporate contingency in 2017/18, and transformational activity will stem demand on top tier services.	2.200	2.200	2.200	2.200	2.200
Inflationary rises for Children's Direct Payments, including a proportion for National Living Wage.	0.156	0.184	0.212	0.228	0.244
Part year impact of loss of DSG (£2.34m) for LST's and unmitigated indicative cost of redundancies.	1.170	0.650	0.650	0.650	0.650
Change in costs of home to school SEN transport relating to number of school days in a financial year.	(0.040)	0.070	0.000	0.030	0.210
Expected changes in SEN pupil numbers and diversity in destination bases.	0.060	0.060	0.140	0.300	0.460
New Service Projected Pressures Total	4.369	3.987	4.025	4.231	4.587

Total Service Cost Reductions Approved in February 2017	(1.714)	(3.739)	(4.552)	(4.602)	(4.602)
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Projected Changes to Original Service Cost Reductions					
Non delivery of historic MTFS saving in relation to Childrens System.	3.300	0.000	0.000	0.000	0.000
Change to existing MTFS saving for transformation costs. (Laptops).	0.227	0.227	0.127	0.127	0.127
Total Projected Changes to Service Cost Reductions Approved in February 2017	3.527	0.227	0.127	0.127	0.127

FAMILIES AND COMMUNITIES

Projected Pressures, Cost Reduction Options and Investments

Description	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
New Service Cost Reduction Options					
Higher than expected income from Educational Psychologists and Respite Services.	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)
New Service Cost Reduction Options Total	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)

Children's Public Health

Total Service Cost Reductions Approved in February 2017	(1.600)	(1.600)	(1.600)	(1.600)	(1.600)
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Education Services

New Service Projected Pressures					
Renegotiation of the Entrust contract.	1.285	0.585	0.585	0.585	0.585
New Service Projected Pressures Total	1.285	0.585	0.585	0.585	0.585

Total Service Cost Reductions Approved in February 2017	1.799	1.799	1.799	1.799	1.799
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New Service Cost Reduction Options					
There is estimated to be a receipt of £1.7m of DSG to support council services previously funded from Education Services Grant.	(1.700)	0.000	0.000	0.000	0.000
New Service Cost Reduction Options Total	(1.700)	0.000	0.000	0.000	0.000

Culture and Communities

Total Service Cost Reductions Approved in February 2017	(0.849)	(1.371)	(1.621)	(1.621)	(1.621)
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New Service Cost Reduction Options					
Re-organisation of the Archive and Heritage Service Operating Model.	0.000	0.000	(0.055)	(0.055)	(0.055)
Shugborough additional savings identified following a further review of the current operating model.	0.000	(0.075)	(0.075)	(0.075)	(0.075)
New Service Cost Reduction Options Total	0.000	(0.075)	(0.130)	(0.130)	(0.130)

Rural

Total Service Cost Reductions Approved in February 2017	(0.328)	(0.328)	(0.428)	(0.428)	(0.428)
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FAMILIES AND COMMUNITIES

Projected Pressures, Cost Reduction Options and Investments

Description	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Projected Changes to Original Service Cost Reductions					
Review the management of the countryside sites in line with the Countryside Estates Review.	0.150	0.100	0.100	0.100	0.100
Rights of Way Review.	0.100	0.050	0.000	0.000	0.000
Rural Development Review.	0.030	0.000	0.000	0.000	0.000
Total Projected Changes to Service Cost Reductions Approved in February 2017	0.280	0.150	0.100	0.100	0.100

Community Safety

New Service Projected Pressures					
Scientific Services has now been closed. There had been accumulated trading losses, resulting in unfunded cessation costs.	0.100	0.100	0.100	0.100	0.100
Coroners Service – North Staffs recharges and increase in payment to Cannock Chase District Council for usage of Mortuary Building.	0.055	0.055	0.055	0.055	0.055
New Service Projected Pressures Total	0.155	0.155	0.155	0.155	0.155

Total Service Cost Reductions Approved in February 2017	(0.305)	(0.355)	(0.472)	(0.472)	(0.472)
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New Service Cost Reduction Options					
Children, Family and Safety - there has been a reduction of £20,000 per year for Midland Psychology.	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)
New Service Cost Reduction Options Total	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)

Total Families & Communities Pressures	5.999	4.617	4.705	4.701	5.057
Total Families & Communities Cost Reductions	(1.110)	(5.512)	(6.997)	(7.047)	(7.047)
Families & Communities Grand Total	4.889	(0.895)	(2.292)	(2.346)	(1.990)

ECONOMY, INFRASTRUCTURE AND SKILLS
Projected Pressures, Cost Reduction Options and Investments

Appendix 2c

Description	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
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Economic Development & Strategic Planning

New Service Projected Pressures					
Planning Application Fees - Income shortfall.	0.040	0.040	0.040	0.040	0.040
Waste Local Plan Preparation.	0.000	0.050	0.000	0.000	0.000
New Service Projected Pressures Total	0.040	0.090	0.040	0.040	0.040

Total Service Cost Reductions Approved in February 2017	0.100	(0.065)	(0.140)	(0.140)	(0.140)
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Projected Changes to Original Service Cost Reductions					
Recharging staff to capital programme schemes, lower than originally forecast	0.050	0.050	0.050	0.050	0.050
Total Projected Changes to Service Cost Reductions Approved in February 2017	0.050	0.050	0.050	0.050	0.050

New Service Cost Reduction Options					
County Farms review.	0.000	0.000	0.000	(0.520)	(0.520)
Business Park Maintenance.	(0.030)	(0.030)	(0.030)	(0.030)	(0.030)
Various Staffing Changes / Efficiencies / Vacant posts.	(0.184)	(0.184)	(0.184)	(0.184)	(0.184)
New Service Cost Reduction Options Total	(0.214)	(0.214)	(0.214)	(0.734)	(0.734)

Infrastructure & Highways

Total Service Spending Pressures Approved in February 2017	0.420	0.740	0.890	1.040	1.040
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New Service Projected Pressures					
Mines & Quarries Act - Additional costs associated with undertaking ground surveys.	0.050	0.050	0.050	0.050	0.050
Dam Asset Management - additional cost pressures.	0.100	0.100	0.100	0.100	0.100
New Service Projected Pressures Total	0.150	0.150	0.150	0.150	0.150

Total Service Cost Reductions Approved in February 2017	(0.350)	(0.925)	(1.000)	(1.075)	(1.075)
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New Service Cost Reduction Options					
Review of the provision of School Crossing Patrols.	0.000	(0.260)	(0.525)	(0.525)	(0.525)
Identifying alternative funding streams to support Road safety education and by working more closely with the Staffordshire Safer Roads Partnership	(0.150)	(0.150)	(0.150)	(0.150)	(0.150)
Generate Income from advertising on Street Lighting.	0.000	(0.050)	(0.050)	(0.050)	(0.050)
New Service Cost Reduction Options Total	(0.150)	(0.460)	(0.725)	(0.725)	(0.725)

ECONOMY, INFRASTRUCTURE AND SKILLS
Projected Pressures, Cost Reduction Options and Investments

Appendix 2c

Description	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
New Invest to Save					
Utilise latest Automatic Number Plate Recognition technology to enforce existing Bus Lanes in order to realise their intended benefits e.g. improved bus journey time reliability, supporting road safety and reducing the impact of traffic on the local environment.	(0.085)	(0.085)	(0.085)	(0.085)	(0.085)
New Invest to Save Total	(0.085)	(0.085)	(0.085)	(0.085)	(0.085)

Transport, Connectivity & Waste

Total Service Spending Pressures Approved in February 2017	1.790	1.927	1.971	1.935	1.935
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Projected Changes to Original Service Spending Pressures					
Change in costs of home to school mainstream transport relating to number of school days in a financial year.	(0.020)	0.030	0.000	0.000	0.110
Delay reduction to existing investment due to delays in HS2.	0.090	0.000	0.000	0.000	0.000
Waste tonnage growth higher than previously assumed.	0.310	0.310	0.310	0.310	0.310
Contractual Inflation in 2017/18 higher than originally forecast.	0.220	0.220	0.220	0.220	0.220
Growth in tonnages expected to be higher than level currently forecast.	0.170	0.340	0.510	0.850	1.360
Total Projected Changes to Service Spending Pressures Approved in February 2017	0.790	0.870	1.040	1.380	1.890

New Service Projected Pressures					
Waste Balancing transport costs.	0.290	0.000	0.000	0.000	0.000
W2R contract rebase implications.	0.000	0.220	0.220	0.220	0.220
New Service Projected Pressures Total	0.290	0.220	0.220	0.220	0.220

Total Service Cost Reductions Approved in February 2017	(2.710)	(2.960)	(3.410)	(3.410)	(3.410)
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New Service Cost Reduction Options					
Lower Green Waste Recycling Credits due to reduced tonnages.	(0.150)	(0.150)	(0.150)	(0.150)	(0.150)
Staff charged against s106 receipts.	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
Removal of existing vacant post.	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
Review of resources.	0.000	(0.060)	(0.060)	(0.060)	(0.060)
New Service Cost Reduction Options Total	(0.250)	(0.310)	(0.310)	(0.310)	(0.310)

EI&S Business Support

Total Service Cost Reductions Approved in February 2017	0.045	0.045	0.045	0.045	0.045
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ECONOMY, INFRASTRUCTURE AND SKILLS
 Projected Pressures, Cost Reduction Options and Investments

Description	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Total Economy, Infrastructure & Skills Pressures	3.480	3.997	4.311	4.765	5.275
Total Economy, Infrastructure & Skills Cost Reductions	(3.479)	(4.839)	(5.704)	(6.299)	(6.299)
Total Economy, Infrastructure & Skills Invest to Save	(0.085)	(0.085)	(0.085)	(0.085)	(0.085)
Economy, Infrastructure & Skills Grand Total	(0.084)	(0.927)	(1.478)	(1.619)	(1.109)

FINANCE AND RESOURCES

Appendix 2d

Projected Pressures, Cost Reduction Options and Investments

Description	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
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Finance

Total Service Spending Pressures Approved in February 2017	0.012	0.012	0.012	0.012	0.012
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Total Service Cost Reductions Approved in February 2017	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)
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Strategic HR

Total Service Cost Reductions Approved in February 2017	(0.140)	(0.240)	(0.315)	(0.315)	(0.315)
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Projected Changes to Original Service Cost Reductions					
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Review of corporate-wide non contractual; terms and conditions e.g. exit arrangements.	1.600	1.600	1.600	1.600	1.600
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Total Projected Changes to Service Cost Reductions Approved in February 2017	1.600	1.600	1.600	1.600	1.600
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Strategic Property

Total Service Spending Pressures Approved in February 2017	0.063	0.063	0.063	0.063	0.063
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Total Service Cost Reductions Approved in February 2017	(0.550)	(0.550)	(0.550)	(0.550)	(0.550)
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Projected Changes to Original Service Cost Reductions					
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Office accommodation - rationalisation of premises.	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
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Total Projected Changes to Service Cost Reductions Approved in February 2017	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
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Customer Services

Total Service Cost Reductions Approved in February 2017	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)
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FINANCE AND RESOURCES

Appendix 2d

Projected Pressures, Cost Reduction Options and Investments

Description	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Information Communications & Technology					
Total Service Spending Pressures Approved in February 2017	0.593	0.593	0.593	0.593	0.593
Projected Changes to Original Service Spending Pressures					
SSTOP back office service level agreements - loss of income.	(0.093)	(0.093)	(0.093)	(0.093)	(0.093)
Pressure arising from the migration of schools and Entrust from our network, net of cost reductions made by re-procuring services.	(0.500)	0.000	0.000	0.000	0.000
Total Projected Changes to Service Spending Pressures Approved in February 2017	(0.593)	(0.093)	(0.093)	(0.093)	(0.093)
New Service Projected Pressures					
Device purchase costs - inflation on the cost of laptops, PC's and thin clients.	0.080	0.080	0.080	0.080	0.080
ICT Security investment.	0.100	0.260	0.260	0.260	0.260
New Service Projected Pressures Total	0.180	0.340	0.340	0.340	0.340
Total Service Cost Reductions Approved in February 2017	0.375	0.475	0.475	0.475	0.475
New Service Cost Reduction Options					
Savings arising from new contract for mobile phones and data	(0.063)	(0.063)	(0.063)	(0.063)	(0.063)
New Service Cost Reduction Options Total	(0.063)	(0.063)	(0.063)	(0.063)	(0.063)
Total Finance & Resources Pressures	0.255	0.915	0.915	0.915	0.915
Total Finance & Resources Cost Reductions	0.595	0.595	0.520	0.520	0.520
Finance & Resources Grand Total	0.850	1.510	1.435	1.435	1.435

STRATEGY, GOVERNANCE AND CHANGE
 Projected Pressures, Cost Reduction Options and Investments

Description	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
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Transformation Support Unit and Fleet Care

Total Service Spending Pressures Approved in February 2017	0.550	0.550	0.550	0.550	0.550
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Projected Changes to Original Service Spending Pressures					
Fleet Care - reduced pressure following review.	(0.300)	(0.300)	(0.300)	(0.300)	(0.300)
Total Projected Changes to Service Spending Pressures Approved in February 2017	(0.300)	(0.300)	(0.300)	(0.300)	(0.300)

Total Service Cost Reductions Approved in February 2017	(0.150)	(0.300)	(0.450)	(0.450)	(0.450)
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Strategic Policy and Partnership & Insight, Planning and Performance

Total Service Cost Reductions Approved in February 2017	(0.425)	(0.461)	(0.461)	(0.461)	(0.461)
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Projected Changes to Original Service Cost Reductions					
Review of grants/contracts - brought forward.	(0.036)	0.000	0.000	0.000	0.000
Review of structure and support in Districts.	0.248	0.248	0.248	0.248	0.248
Total Projected Changes to Service Cost Reductions Approved in February 2017	0.212	0.248	0.248	0.248	0.248

New Service Cost Reduction Options					
New Strategy Team.	(0.320)	(0.320)	(0.320)	(0.320)	(0.320)
New Service Cost Reduction Options Total	(0.320)	(0.320)	(0.320)	(0.320)	(0.320)

Communications and Marketing

Total Service Cost Reductions Approved in February 2017	0.025	0.025	0.025	0.025	0.025
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STRATEGY, GOVERNANCE AND CHANGE
 Projected Pressures, Cost Reduction Options and Investments

Description	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Law and Democracy					
New Service Projected Pressures					
Election Costs.	0.060	0.060	0.060	0.060	0.060
New Service Projected Pressures Total	0.060	0.060	0.060	0.060	0.060
Total Service Cost Reductions Approved in February 2017	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)
Projected Changes to Original Service Cost Reductions					
Review of Structure - LAW and GOV.	0.322	0.322	0.322	0.322	0.322
Total Projected Changes to Service Cost Reductions Approved in February 2017	0.322	0.322	0.322	0.322	0.322
Total Strategy, Governance & Change Pressures	0.310	0.310	0.310	0.310	0.310
Total Strategy, Governance & Change Cost Reductions	(0.536)	(0.686)	(0.836)	(0.836)	(0.836)
Strategy, Governance & Change Grand Total	(0.226)	(0.376)	(0.526)	(0.526)	(0.526)

**Major Assumptions Used in MTFS
Year-on-Year Increases**

	2018/19	2019/20	2020/21	2021/22	2022/23
Staffing costs					
Pay	2.0%	2.0%	2.0%	2.0%	2.0%
Local Government Pension Scheme increases	1.0%	1.0%	1.0%	1.0%	1.0%
General running costs					
Prices (including internal recharges from trading services)	2.0%	2.0%	2.0%	2.0%	2.0%
Contractual inflation	Variable	Variable	Variable	Variable	Variable
Income (standard allocation)	2.0%	2.0%	2.0%	2.0%	2.0%
Utility / Running Expenses					
Electricity	10.0%	10.0%	10.0%	10.0%	10.0%
Gas	10.0%	10.0%	10.0%	10.0%	10.0%
Business Rates bills	2.9%	3.2%	3.2%	3.2%	3.2%
Water ¹	3.0%	3.0%	3.0%	3.0%	3.0%
Petrol	2.9%	3.2%	3.2%	3.2%	3.2%
Diesel	2.9%	3.2%	3.2%	3.2%	3.2%
In-Year Increases					
Interest Rates					
Interest on investments	0.5%	0.5%	0.5%	0.5%	0.5%
Interest on debt	4.03%	3.97%	4.06%	4.15%	4.16%
General Funding					
New Homes Bonus	£2.2m	£2.1m	£0.7m	-	-
Loss of Revenue Support Grant	-£15.2m	-£14.8m	-£10.7m	-	-
Revenue Support Grant	£25.5m	£10.7m	-	-	-
Council Tax	1.95%	1.95%	1.95%	1.95%	1.95%
Social Care Precept	3.00%	0.00%	2.00%	2.00%	2.00%

¹ Water Bill increases are set by OFWAT. These have been capped for the 5 year period at the previous Novembers RPI inflation rate plus 0.5%