

Wiltshire Council

Cabinet and Council

11 October and 18 October 2016

Medium Term Financial and Efficiency Plan 2017-2020

Councillor Dick Tonge – Cabinet Member for Finance

Key Decision: Yes

Executive Summary

This report updates Council on the latest financial forecast from 2017-2020. In February 2016 central government issued a four year offer to all local authorities regarding future funding (2016-2020). Councils need to give notice to DCLG of the intention to accept this offer by October 2016, and in doing so must set out an efficiency strategy to ensure that the council can maintain its financial standing in light of this offer. This report sets out Wiltshire's draft acceptance of that offer and its efficiency strategy and the assumptions behind that to deliver a balanced budget within that financial funding envelope.

Whilst the final setting of council tax and the social care levy will be reported in February 2017 Council meeting, this report sets out the Council's intentions based on current information regarding its funding proposal. The intended acceptance of the offer is subject to the current government proposal remaining unchanged as well as other key factors, such as decisions on limits to council tax increases and decisions on un-ring fenced grants outside of the offer. In addition, precept levels from Fire, Police and Parish/Town Councils will be reported at that time to inform the detailed band calculations.

Proposals

Cabinet are invited to propose to Council to approve:

- The Efficiency Statement at Appendix A for submission to the DCLG, subject to conditions at paragraph 2.7 of this report, as part of the conditions to accept the current four year funding 'deal' offered by central government.
- Subject to conditions at paragraphs 2.6 and 2.7 of this report, as part of its Medium Term Financial Plan (MTFP) set out a Council Tax increase of 2% each year for 2017-2020. This does not fetter future administrations from having a lower Council tax increase should further savings be made.
- Subject to conditions at paragraphs 2.6 and 2.7 of this report, as part of its MTFP set out a Social Care Levy increase of 2% each year for 2017-2020.

Reason for the Proposals

To meet Government's requirement to accept the four year funding offer and thus the statutory requirement to set the Council Tax and Social Care Levy. The final calculations will be reported to Council in February 2017 once the final government offer and precepts from partnership bodies are known

Carolyn Godfrey and Dr Carlton Brand - Corporate Directors

Wiltshire Council

Cabinet and Council

11 October and 18 October

Medium Term Financial and Efficiency Plan 2017-2020

Purpose of Report

1. The purpose of this report is to enable the Council to consider and assess its medium term financial plan, and the four year funding offer from Government.

Background

- 1.1 As part of the 2016/17 provisional and final local government settlements, the Secretary of State for the Department for Communities and Local Government (DCLG) issued a proposed four year settlement offer to council's covering 2016 to 2020. Councils' had until October 2016 to accept this offer. If this offer is accepted then the allocation within the settlement would form the minimum funding for the authority during that period. Wiltshire sought agreement from DCLG to respond after Full Council on 18th October has had time to consider this matter.

- **Four year settlement**

- 1.2 On 6th February 2016 DCLG issued the following proposed four year settlement for Wiltshire Council. The baseline funding reflects the returned NNDR that in turn reflects Government's assessment of Wiltshire Council's need.

Wiltshire					
		2016-17	2017-18	2018-19	2019-20
	Settlement Funding Assessment	87.71	72.31	63.66	57.39
	of which:				
	Revenue Support Grant	34.73	18.29	8.05	0.00
	Baseline Funding Level	52.98	54.02	55.62	57.39
	Tariff/Top-Up	-18.31	-18.67	-19.22	-19.83
	Tariff/Top-Up adjustment	0.00	0.00	0.00	-2.24
	Safety Net Threshold	49.01	49.97	51.44	53.09
	Levy Rate (p in £)	0.26	0.26	0.26	0.26

- 1.3 This identifies that the Government Funding via the RSG will fall to zero in 2019/20. At the same time work is on-going to look at changing the current National Non-Domestic Rates (NNDR) funding returned to councils from 50:50 to 100% in total for England and Wales. Although it is noted it is assumed that would mean 2% would go to the Fire Authority, and that Wiltshire will not retain 100% of NNDR collected in the County as £19.83m will still be retained by Government as the Tariff to support other councils' needs as part of the national needs distribution formula. In addition there is a risk yet unresolved that a further £2.24m is removed. The £2.24m in 2019/20 relates to a funding anomaly identified by council's in the first round of the offer that has been corrected for some, and that DCLG say will be corrected by 2019 through other work but has not said how, only given the commitment to do this.
- 1.4 Work to redesign this funding and system is ongoing, and as such any offer is subject to the outcomes of that work. As yet no announcements have been forthcoming with any other offer for Wiltshire Council.
- 1.5 As such the proposed settlement is subject to potential change. In addition the impact of other factors, such as European Union Article 50 negotiations, on Government funding are unclear. However, at this stage of planning it is not possible to assess the potential impact of any changes with enough clarity, for the purposes of the rest of this paper it is assumed there are no such changes, if there are the Council would need to negotiate a change to its settlement to meet the proposed Medium Term Financial Plan set out later in this report.

- Use of capital receipts

- 1.6 In addition, as part of the November 2015 Spending Review, the Government announced that it would introduce flexibility for the period of the Spending Review for local authorities to use capital receipts from the sale of non-housing assets to fund the revenue costs of service reform and transformation. Draft Guidance on the use of this flexibility was issued as part of the Provisional Local Government Finance Settlement on 17 December 2015.
- 1.7 The Draft Guidance issued by the Secretary of State under section 15(1)(a) of the Local Government Act specified that:
- Local authorities will only be able to use capital receipts from the sale of property, plant and equipment received in the years in which this flexibility is offered. They may not use their existing stock of capital receipts to finance the revenue costs of reform.

- The expenditure for which the flexibility can be applied should be the up-front costs that will generate future ongoing savings and/or transform service delivery to reduce costs or to improve the quality of service delivery in future years. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure.
- The key determining criteria to use when deciding whether expenditure can be funded by the new capital receipts flexibility is that it is forecast to generate ongoing savings to an authority's net service expenditure.
- In using the flexibility, the Council will have due regard to the requirements of the Prudential Code and to the CIPFA Local Authority Accounting Code of Practice.

1.8 A condition of both announcements was that local councils would issue an 'efficiency statement' or plan setting out how it proposed to manage its medium term financial plan. This papers sets out Wiltshire Council's acceptance of that offer and thus related Efficiency Plan for 2016-2020.

2. Main considerations

- **2016/17 Budget Monitoring**

2.1 The latest budget monitoring to Cabinet has identified actions to deliver a balanced budget by the end of the year. It is thus assumed that this and the impact on reserves will be the position for planning 2017-2020.

- **Update on the Council's Vision**

2.2 The Council's current Business Plan sets out the goals up to 2017. As such we need to look beyond and plan for the next four years. Appendix A sets out a summary of what this council aims to deliver in building stronger and resilient communities, particularly protecting the vulnerable and creating and maintaining employment.

2.3 Our vision focuses on four themes to deliver further improved services at lower costs:

- **One Wiltshire Estate & Devolution** – we will create multi-functional hubs across the county to join up public services, and provide centres for greater community ownership and interaction. These hubs will help facilitate greater devolution of services to local areas as well as the ability for more local points of resolution. Our capital infrastructure programme will facilitate the ability to focus, with our Local Enterprise Partnership (LEP), on joined up community highway networks better and creating employment.

- ***Integrated Health Care*** – we will work across health services for young people and adults to eradicate waste and inefficiencies in care. We will focus on balancing managing and preventing demand with protecting the most vulnerable with the necessary care.
- ***Efficient processing*** – we will invest in technology to improve the ways residents, businesses and visitors engage with and keep pace with the way individuals can use e-devices to pay, report and apply in everyday life. This will ensure more transactions are automated, reducing the time and costs associated with them while retaining face to face transactions with residents who are not computer enabled.
- ***Commercialism*** – we will look to remove subsidisation from non-core services, but ensure that we seek first to maintain these services by trading these more effectively within and outside of the county as appropriate. For example costs such as maintaining our buildings which we will seek to be part funded from bringing more third party partners into our building.

2.4 Our outcomes remain the same, and against this planning background we seek to improve performance within the financial envelope set out below in our MTFP.

- **General Revenue Fund Medium Term Financial Plan**

2.5 Wiltshire Council regularly updates its MTFP alongside setting its annual Council Tax levels. As such the last consideration of this Plan was discussed and appraised by Council in February 2016. Taking account of the four year offer proposed by Government covering the next three financial years (2017-2020), Cabinet have set out the following updates to that MTFP:

High Level MTFS 4 Year Financial Model	2016-2017 Approved Financial Plan	2017-2018	2018-2019	2019-2020	2020-2021
	£m	£m	£m	£m	£m
Funding Changes					
Increase in Council Tax	(220.402)	(4.386)	(4.470)	(4.606)	(4.744)
Social Care Levy	(4.322)	(4.541)	(4.676)	(4.816)	(4.960)
Council Tax base growth		(2.248)	(2.315)	(2.384)	(2.456)
RSG/ Formula Grant	(34.726)	16.436	10.240	8.050	0.000
Rates Retention	(54.135)	(1.641)	(1.691)	(1.724)	(1.776)
Total Funding Changes	(313.585)	3.620	(2.912)	(5.480)	(13.936)
Other income changes in Plan					
New Homes Bonus Income changes		1.841	0.000	0.000	4.000
Fees and charges Income		(1.400)	(1.404)	(1.407)	(1.409)
Parish Council Local Council Tax Support		(0.121)	0.000	0.000	0.000
Educational Support Grant		1.819	0.767	1.007	0.000
Rural Support Grant		0.635	0.614	(0.614)	2.661
Transition Grant		0.003	3.014	0.000	0.000
Total Savings Changes		2.777	2.991	(1.014)	5.252
Revenue Investment per Business Plan and demand/demography (note Priorities 1, 2, 3, 6, 7, 8 and 11 receiving investment from Capital and grants)					
Priority 1: Highways		1.800	0.000	0.000	0.000
Priority 2: Stimulate economic growth					
Priority 3: Innovative Community led approaches					
Priority 4: Improving attainment and skills of Young Children					
Priority 5: Support the most vulnerable in our society					
Adult Care		2.600	3.000	3.000	5.000
Children & Families		2.000	1.500	1.000	1.000
Priority 6: Investing in council houses					
Priority 7: Military Civil integration					
Priority 8: Delegate land to Parish & Town Councils					
Priority 9: Create Campuses		0.000	1.500	1.500	1.500
Priority 10: Integrate Public Health					
Priority 11: Develop the skill of our workforce and councillors					
Investment carried forward from 2012-2015 Business Plan					
Waste contract management and increased demand		1.000	1.000	1.000	1.000
Corporate growth					
Staffing - pay & NLW		4.650	5.282	6.369	4.377
Inflation - general (not split to services)		0.000	0.000	3.000	4.000
Pension Backfunding		0.570	0.627	0.690	0.759
Use of Rural Reserves		(6.000)			
Capital Financing to fund current capital program, including campuses		0.000	0.500	0.500	0.500
Total Growth Changes		6.620	13.409	17.059	18.136
TOTAL COST REDUCTION PLAN REQUIRED		13.017	13.488	10.565	9.452

2.6 Key to this financial plan are certain assumptions:

- Council Tax is increased each year by 2%.
- A Social Care Levy is applied each year at 2%.
- Housing and thus the council tax base continues to grow by 2% p.a. giving rise to this level of new council tax income, and address waste collection and other pressures.
- Inflation predictions remain in line with the average forecast by the Bank of England.
- NNDR net growth targets are met.
- Demand in Adult and Children's care continues in line with current demographic and inflationary pressures, including the National Living Wage pressures.
- Other staffing costs increase by 1% pay and 1% pensions, and there is one more year of incremental pay increase freeze in 2017/18.
- All savings are made in 2016/17 and that the Rural and Transitional Reserves are not utilised in this year.
- Capital proposals are in line with the Capital Programme.

2.7 This also assumes that the Government's four year offer remains unchanged and thus is subject to the following assumptions / conditions:

- Any negative changes to Wiltshire's settlement arising out of Article 50 negotiations are funded by Central Government.
- That the needs based assessment does not adversely impact on this offer and actually reflects the rural and mixed complexity of our county.
- That the reform of the NNDR distribution grant does not have a detrimental effect on the current offer, and that as part of any additional funding for new services it is agreed that the full cost of these new services are fully funded on transfer.
- Any changes to council tax or other fund raising powers do not detrimentally affect the Council's funding or other assumptions in this efficiency statement. For example any 'cap' on council tax of less than 2% would need to be fully funded to make good any shortfall from the assumptions in this Statement.

- Unprotected grants, in particular SEN (Special Educational Needs) grants are not affected by the offer and adversely reduced.
- That by accepting the deal we are still able to negotiate with central government changing council tax relief.
- Any proposal to cap Parish / Town councils does not prevent empowerment of these bodies to increase precepts where they are taking on responsibilities from the Council.

2.8 Based on these assumptions the council is faced with a shortfall in the following financial years as follows:

<i>High Level MTFS 4 Year Financial Model</i>	2016-2017 Approved Financial Plan	2017-2018	2018-2019	2019-2020	2020-2021
	£m	£m	£m	£m	£m
TOTAL COST REDUCTION PLAN REQUIRED		13.017	13.488	10.565	9.452

2.9 The Council's saving proposals are set out within the following areas of focus:

<i>High Level MTFS 4 Year Financial Model</i>	2016-2017 Approved Financial Plan	2017-2018	2018-2019	2019-2020	2020-2021
	£m	£m	£m	£m	£m
TOTAL COST REDUCTION PLAN REQUIRED		13.017	13.488	10.565	9.452
Priority 12: Realign our resources and secure VFM					
One Wiltshire Estate		(0.500)	(1.000)	(1.500)	(1.000)
Community Empowerment and devolution		(0.500)	(1.000)	(2.000)	(3.000)
Integrated Health Care		(0.500)	(1.250)	(2.000)	(2.000)
Commercialism		(1.000)	(1.000)	(1.000)	(1.000)
Connecting residents to enable first point of resolution through technology		(0.250)	(2.000)	(2.000)	(0.452)
Procurement efficiencies		(3.000)	(2.000)	0.000	0.000
General efficiency targets to absorb pay increased costs		(6.267)	(3.238)	(0.065)	0.000
Fees and Charges		(1.000)	(2.000)	(2.000)	(2.000)
TOTAL COST REDUCTION PLAN		(13.017)	(13.488)	(10.565)	(9.452)
DIFFERENCE		0.000	(0.000)	(0.000)	(0.000)

2.10 At this point in time management are developing more detailed proposals for February Full Council. The majority of these are management actions, such as restructures. As these proposals are developed further Council will be updated and as always the full budget books will be presented alongside the final council tax setting resolution paper. Where a saving requires further consultation with trade unions and / or public the Council will follow its procedure to ensure full openness and transparency is abided with in reaching any decisions. At this stage no such consultations have been identified.

- **General Fund and Earmarked Reserves**

2.11 The current level of General Fund reserves, as reported in Period 4 monitoring, are set out below. The latest forecast on general fund balances currently stands at £12.206 million at 31 March 2017.

General Fund Reserve	£ million	£ million
Balance as at 1 April 2016		(12.206)
Projected overspend at period 4	8.300	
Service Recovery Plans	(8.300)	
Total Forecast movement		0.000
Forecast Balance 31 March 2017		(12.206)

2.12 At present it is assumed that all other areas currently overspending will be on line by the year end following management action. A review of the assessment of need has been undertaken by the Section 151 Officer to link all the General Fund balances to risk.

2.13 Earmarked reserves are as per the following extracted from the audited 2015/16 Statement of Accounts (Note 48). The majority of these are ring fenced.

Earmarked Reserve	Reserve 2014/15 £000	Movement £000	Reserve 2015/26 £000
PFI Reserve	(4,416)	112	(4,304)
Insurance Reserve	(3,315)	4	(3,311)
Locally Managed Schools' Balances - to be spent on educational services	(9,724)	1,088	(8,636)
Elections Reserve	(330)	0	(330)
Area Board Reserve	(191)	131	(60)
Revenue Grants Earmarked Reserve	(5,518)	(176)	(5,694)
Digital Inclusion	(183)		(183)
PFI Housing Scheme Earmarked Reserve	(3,092)	112	(2,980)
Transformation Reserve	(736)	736	0
Action 4 Wiltshire Reserve	(180)	15	(165)
Business Plan Priority Funding Reserve	(141)	141	0
Economic Development & Planning Reserve	(11)	(3)	(14)
Single voice of Customer Reserve	0	(700)	(700)
Total	(27,837)	1,460	(26,377)

2.14 There is no provision for NNDR risks.

- 2.15 Based upon use of the General Fund Reserves as set out in the Cabinet Budget Monitoring (period 4) report in September 2016, it is assumed that the level of reserves for the period 2017-2020 will remain unchanged from that reported to Council in February 2016:
- 2.16 At this stage it is assumed that this level will meet the minimum requirement, subject to conditions and assumptions set out at paragraphs 2.6 and 2.7 of this report.

- ***Next steps in setting 2017/18 Council Tax and Social Care Levy***

- 2.17 The MTFP will be updated for any changes from assumptions reported to Council. That will include the Council Tax base setting report to Cabinet in December and the detailed calculation of council tax levels and budget books to Council in February.
- 2.18 In addition, Cabinet are currently undertaking a series of financial funding public meetings to assess the current four year deal.

3. **Risk Assessment**

- 3.1 The lack of guidance and other uncertainty due to funding reform means that the following risks in accepting the deal exist:
- Risk: The Settlement does not change, for example the amount of tariff (reduction in Wiltshire's allocation to redistribute to other councils) does not change.
 - Risk: It assumes that the funding is sufficient to meet the council's needs assessment. The needs assessment is based on 2010 data and will not be reset to 2020.
 - Risk: Leading on from this there is a risk of miscommunication that the public are informed that councils are getting more money. This deal does not account for any changes to Business Rates Reform or Needs Assessment.
 - Risk: The 2019/20 offer has additional tariff to reflect that in the first iteration of the deal a number of councils had a negative RSG allocation in the final year which would have meant in effect they returned council tax. As such an arbitrary reduction to councils with large tariffs was added. DCLG have said they expect this to be removed by 2019, but have not identified or confirmed how.
 - Risk: Appeals risks are still borne by the local authority and actually the deal is undermined due to factors outside the council's control, such as the upcoming rates revaluation or central government reliefs being extended even further without recompense.
- 3.2 The risks of not accepting the deal are:
- each council that does not accept the offer will only receive a one year

settlement, and as such has less certainty and also in theory one of a handful could see their future year settlements come in at less than the current deal. Although as RSG goes to zero, it is not clear what this could mean in practice. However, there would be increased vulnerability to further funding changes.

- Wiltshire Council could appear to be unsupportive of DCLG's policy which was in response to requests from local government for greater certainty over future years' funding;
- uncertainty about the profile of Rural and Transitional Grant allocations albeit that the grants protected form a very small proportion of the council's overall funding

4. **Equality and Diversity Impacts of the Proposal**

- 4.1 None have been identified as directly arising from this report, although equality and diversity impacts have been considered by officers and portfolio holders when preparing budget proposals.

5. **Financial Implications**

- 5.1 The financial implications are outlined in the report. The Scrutiny Finance Task Group has assessed the offer and the MTFP and will feedback comments to Overview and Scrutiny Management Committee, Cabinet and Council.

6. **Legal Implications**

- 6.1 The legal implications are outlined in the report.

7. **Public Health Implications**

- 7.1 None have been identified as arising directly from this report.

8. **Environmental Implications**

- 8.1 None have been identified as arising directly from this report.

9. **Safeguarding Implications**

9.1 None have been identified as arising directly from this report.

10. **Options Considered**

10.1 The options are to accept or reject the four year funding offer. The proposal is to accept and a risk assessment is set out in this report.

Carolyn Godfrey, Carlton Brand, Maggie Rae
Corporate Directors

Ian Gibbons
Associate Director, Legal (Monitoring Officer)

Michael Hudson
Associate Director, Finance

Report Author: **Michael Hudson** - Associate Director, Finance

Appendices:

Appendix A - Efficiency Plan 2017 – 2020 for submission to DCLG

Response to DCLG – Wiltshire Council's Efficiency Statement 2016/17 to 2019/20

Dear Sajid,

Re: Four year funding deal and Efficiency Statement

Further to your announcement in February 2016 regarding the proposed four year funding settlement offered to all councils, Wiltshire Council has voted to accept this offer subject to certain conditions. You will find appended to this letter an Efficiency Statement that we trust meets the requirement of your offer. We look forward to continued discussions on this settlement and becoming a self-funding council.

Yours sincerely

Baroness Scott of Bybrook
Leader of Wiltshire Council

Wiltshire Council's Efficiency Statement 2016/17 to 2019/20

1. Introduction

1.1 As part of the 2016/17 provisional and final local government settlements, the Secretary of State for the Department for Communities and Local Government (DCLG) offered four year settlement offer to council's covering 2016 to 2020. If this offer is accepted then the allocation within the settlement would form the minimum funding for the authority during that period.

1.2 Wiltshire Council's offer is as follows:

Wiltshire					
	2016-17	2017-18	2018-19	2019-20	
Settlement Funding Assessment	87.71	72.31	63.66	57.39	
of which:					
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Levy Rate (p in £)	0.26	0.26	0.26	0.26	

1.3 In addition, as part of the November 2015 Spending Review, the Government announced that it would introduce flexibility for the period of the Spending Review for local authorities to use capital receipts from the sale of non- housing assets to fund the revenue costs of service reform and transformation. Draft Guidance on the use of this flexibility was issued as part of the Provisional Local Government Finance Settlement on 17 December 2015.

1.4 A condition of both announcements was that local councils would issue an 'efficiency statement' setting out how it proposed to manage its medium/longer term financial plan. This paper sets out Wiltshire Council's acceptance of that offer and thus related Efficiency Plan for 2016-2020.

2. Assumptions in accepting DCLG's Offer

2.1 Wiltshire Council notes that at the stage of accepting DCLG's offer there are some significant assumptions that could change and thus makes its acceptance and efficiency statement on the following conditions:

- Any negative changes to Wiltshire's settlement arising out of Article 50 negotiations are funded by Central Government.
- That the needs based assessment does not adversely impact on this offer and actually reflects the rural and mixed complexity of our county.
- That the reform of the NNDR distribution grant does not have a detrimental effect on the current offer, and that as part of any additional funding for new services it is agreed that the full cost of these new services are fully funded on transfer.
- Any changes to council tax or other fund raising powers do not detrimentally affect the Council's funding / other assumptions in this efficiency statement. For example any 'cap' on council tax would need to be fully funded to make good any shortfall from the assumptions in this Statement.
- Unprotected grants, in particular SEN (Special Educational Needs) grants are not affected by the offer and adversely reduced.
- That by accepting the deal we are still able to negotiate with central government changing council tax relief.
- Any proposal to cap Parish / Town councils does not prevent empowerment of these bodies to increase precepts where they are taking on responsibilities from the Council.

3. The Medium Term Financial Plan (MTFP)

3.1 The Council's MTFP has been updated to account for assumptions, including the proposed four year settlement. The MTFP recognised the Council's Business Plan and continued investment in building stronger and resilient communities, particularly protecting the vulnerable and creating and maintaining employment. It accounts for the need to continue to provide for the current and forecast levels of demand for services and their reshaping, such as Early Help / Special Educational Needs and Adult Social Care that will provide for a continued improvement in client outcomes.

3.2 The financial plan assumes that certain pressures such as pay and inflationary increases will be absorbed and saved by services. As such the MTFP is identified to align with the current funding settlement proposed by Government:

High Level MTFs 4 Year Financial Model

	2016-2017 Approved Financial Plan	2017-2018	2018-2019	2019-2020	2020-2021
	£m	£m	£m	£m	£m
Funding Changes					
Increase in Council Tax	(220.402)	(4.386)	(4.470)	(4.606)	(4.744)
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Council Tax Reduction Scheme		0.000	0.000	0.000	0.000
Council Tax Freeze Grant 2015/16		0.000	0.000	0.000	0.000
RSG/ Formula Grant	(34.726)	16.436	10.240	8.050	0.000
Rates Retention	(54.135)	(1.641)	(1.691)	(1.724)	(1.776)
Collection Fund	0.000	0.000	0.000	0.000	0.000
Other Central Grants including Educational Service Grant		0.000	0.000	0.000	0.000
Total Funding Changes	(313.585)	3.620	(2.912)	(5.480)	(13.936)
Other income changes in Plan					
New Homes Bonus Income changes		1.841	0.000	0.000	4.000
Fees and charges Income		(1.400)	(1.404)	(1.407)	(1.409)
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Priority 2: Stimulate economic growth					
Priority 3: Innovative Community led approaches					
Priority 4: Improving attainment and skills of Young Children					
Priority 5: Support the most vulnerable in our society					
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Children & Families		2.000	1.500	1.000	1.000
Priority 6: Investing in council houses					
Priority 7: Military Civil integration					
Priority 8: Delegate land to Parish & Town Councils					
Priority 9: Create Campuses		0.000	1.500	1.500	1.500
Priority 10: Integrate Public Health					
Priority 11: Develop the skill of our workforce and councillors					
Investment carried forward from 2012-2015 Business Plan					
Waste contract management and increased demand		1.000	1.000	1.000	1.000
Corporate growth					
Staffing - pay & NLW		4.650	5.282	6.369	4.377
Inflation - general (not split to services)		0.000	0.000	3.000	4.000
Pension Backfunding		0.570	0.627	0.600	0.750

3.3 The Council's saving proposals are set out within the following areas of focus:

<i>High Level MTFS 4 Year Financial Model</i>	2016-2017 Approved Financial Plan	2017-2018	2018-2019	2019-2020	2020-2021
	£m	£m	£m	£m	£m
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Priority 12: Realign our resources and secure VFM					
One Wiltshire Estate		(0.500)	(1.000)	(1.500)	(1.000)
Community Empowerment and devolution		(0.500)	(1.000)	(2.000)	(3.000)
Integrated Health Care		(0.500)	(1.250)	(2.000)	(2.000)
Commercialism		(1.000)	(1.000)	(1.000)	(1.000)
Connecting residents to enable first point of resolution through technology		(0.250)	(2.000)	(2.000)	(0.452)
Procurement efficiencies		(3.000)	(2.000)	0.000	0.000
General efficiency targets to absorb pay increased costs		(6.267)	(3.238)	(0.065)	0.000
Fees and Charges		(1.000)	(2.000)	(2.000)	(2.000)
TOTAL COST REDUCTION PLAN		(13.017)	(13.488)	(10.565)	(9.452)
DIFFERENCE		0.000	(0.000)	(0.000)	(0.000)

3.4 Key to this financial plan are certain assumptions:

- Council Tax is increased each year by 2%.
- A Social Care Levy is applied each year at 2%.
- Housing and thus the council tax base continues to grow by 2% p.a. giving rise to this level of new council tax income, and conversely thus waste collection pressures.
- Inflation predictions remain in line with the average forecast by the Bank of England.
- NNDR net growth targets are met.

- Demand in Adult and Children's care continues in line with current demographic and inflationary pressures, including the National Living Wage pressures.
- Other staffing costs increase by 1% pay and 1% pensions, and there is one more year of incremental pay increase freeze in 2017/18.
- All savings are made in 2016/17 and that the Rural and Transitional Reserves are not utilised in this year.
- Capital proposals are in line with the Capital Programme.

3.5 A more detailed savings proposal will be included in the budgets that are agreed annually by Council to meet this financial plan.

3.6 As part of any reduction in posts the ability to use capital receipts to fund transformation is highly likely to be utilised. For this purpose that the Council is proposing to use £3m to £4m of Capital Receipts in 2017-20 to funding staffing costs as well as £5m for IT transformation.

3.7 When considering the business case for the release of employees on Voluntary Severance/Early Retirement, the Councils' approach is to ensure that the cost of the release of the employee concerned, including both redundancy and pension strain costs, should be recovered from salary savings within at least 18 months of the employee leaving. There is also a requirement that any release would also be subject to meeting 'business need' and thereby retain the right people in the right place.

4 The Prudential Code

4.1 The Council will have due regard to the requirements of the Prudential Code and the impact on its prudential indicators from implementing the proposed scheme within this Efficiency Strategy.

4.2 As transformation proposals develop and the cost of Voluntary Severance is determined, the expenditure to be incurred will be included in the capital programme to be funded by capital receipts generated in the financial year. The capital expenditure prudential indicators will be amended and approved as appropriate. In line with Golden Rule 3 of the proposed Capital Strategy the first call on capital receipts generated in the year will be utilised to meet the cost of voluntary severance. These receipts have not been earmarked as funding for any other proposed capital expenditure and therefore there is no

anticipated additional impact on the Council's prudential indicators as set out in the Council's Treasury Management Strategy.

- 4.3 The Council will also have due regard to the Local Authority Accounting Code of Practice when determining and including the entries required from undertaking and funding this scheme within the 2016/17 Council's Statement of Accounts.

5 **Monitoring this Strategy**

- 5.1 This strategy will be monitored throughout the financial year and may be updated and replaced as proposals are developed and expenditure is incurred. Also as the Guidance is still in draft form changes may require the revision of this Strategy.
- 5.2 The Strategy will next be updated in December 2016 and February 2017 following any announcement by Government in relation to potential changes to its spending and formula reviews; announcements on council tax and levy raising powers; Wiltshire's Council Tax base assessment; further review of saving proposals; and other changes or risks as appropriate.