Portsmouth
CITY COUNCIL

Agenda item:

Decision maker:	Cabinet City Council
Subject:	Portsmouth City Council Revenue Budget 2017/18 - Savings Proposals
Date of decision:	8th December 2016 (Cabinet) 13th December 2016 (City Council)
Report by:	Director of Finance & Information Services (Section 151 Officer)
Wards affected:	All
Key decision:	Yes
Budget & policy framework decision:	Yes

1. Executive Summary

1.1 Over the past 6 years (since 2011/12), Central Government funding to Portsmouth City Council has reduced by over £68m (amounting a 44% cut in total Government Funding). Taken together with other financial pressures that have been experienced by the City Council (mainly relating to inflation, the effects of an ageing population on care services and the increased requirements for the safeguarding of vulnerable children), the City Council has had to make overall savings over the same period of over £86m, representing circa 42% of the Council's controllable spending.

1.2 The forecast for the national public finances set out in the Autumn Statement recently are expected to worsen over the next 4 years compared with previous expectations in the March 2016 Budget. However, in the Autumn Statement Government announced that Departmental Spending limits will remain unaltered, implying that the 4 year Local Government Finance Settlement that the City Council has recently received will remain intact.

1.3 The announcements in the Autumn Statement are not expected to materially alter the Council's expected funding from Central Government however other factors such as inflation generally, rising pension costs, the increasing elderly population and the increase in the National Living Wage are expected to impact on the Council's forecasts for future years beyond 2017/18.

1.4 Other variables that form part of the Council's overall financial forecasts remain uncertain such as the amount of retained business rates that will be achievable (due in part to the revaluation to be implemented in April 2017) and the amount of Council Tax that will be received. At this stage, pending a comprehensive revision of the Council's medium term financial forecasts in February 2017, it remains prudent to plan for an overall deficit of £24m over the period 2017/18 to 2019/20.

1.5 The first tranche of savings amounting to £9m have been developed in accordance with a refreshed Medium Term Financial Strategy and with full regard to the Budget Consultation exercise.

1.6 The refreshed financial strategy builds on the existing strategy but seeks to strengthen the focus on entrepreneurial activities leading to income generation as a means to make savings and avoid cuts to services. Entrepreneurialism now extends to include maximising the returns on the Council's property and other assets as well as further developing strategic partnerships and shared service arrangements as a means to improve resilience, fill skills shortages, and reduce costs. The overall aim of the Strategy is now described as follows:

"In year" expenditure matches "in year" income over the medium term whilst continuing the drive towards regeneration of the City, being entrepreneurial and protecting the most important and valued services"

1.7 The budget consultation exercise agreed that income generation should be pursued as an alternative to cuts, that joint working was welcomed and that service to vulnerable adults and children should be protected. A majority of respondents also indicated that they would accept an additional 2% increase in council Tax to support Adult Social Care.

1.8 In accordance with the Medium Term Financial Strategy and the outcome of the Budget Consultation, the Administration's proposals for the £9m Budget Savings for 2017/18 are summarised as follows:

(i) Savings analysis:

Description of Saving	**Savings**	
Efficiency Savings (little or no reduction in Services)	£6.7m	74%
Additional Income	£1.4m	16%
Service Reduction	£0.9m	10%
Total	**£9.0m**	**100%**

(ii) Savings for Children's Services amounting to 1.1% of their budget and savings for Adult Social Care Services amounting to 2.6% of their budget compared with the average saving across all services of 4.7%

(iii) A proposed Council Tax increase of 3.99% of which 1.99% is for general purposes with the other 2.0% to be passported to Adult Social Care

1.9 As well as refreshing the Council's Medium Term Financial Strategy, the Administration are taking the opportunity to also propose a refresh to the criteria for awards under the Voluntary Sector Capacity & Transition Fund aimed at improving the sustainability of the voluntary sector, assisting in building capacity and supporting any necessary transformation. The proposals set out in Section 10 remove the Payback criteria recognising that cost avoidance rather than delivery of a direct reduction in cost is an equally valid aim. Also removed is the requirement for any award to be a "one-off" allocation, this has been extended to encourage multi-year awards but of a sustainable and finite nature. It is envisaged that this will allow the voluntary sector to be more creative and flexible in their approach to developing proposals by taking away some of the previous financial obstacles. Additionally there is now a stronger emphasis on building capacity across the sector in a sustainable way.

1.10 Whilst the savings proposals for 2017/18 are considered realistic, they are not without risk and the Council's contingency and Portfolio Reserves will be carefully prepared to provide strong mitigation. Additionally, Children's and Adults Social Care will still have to address underlying deficits of £454,000 and £600,000, respectively. Further savings proposals for both of these services (not contained within this report) are being planned in order to eliminate these deficits and place their budgets on a sound footing for 2017/18. This includes consideration of increasing the Adult Social Care Precept beyond 2% if the possibility arises.

1.11 Looking forward beyond 2017/18 still with significant savings to be made, the Council will need to focus its strategy on entrepreneurial activities and regeneration if it is to avoid significant cuts to Services. The alternative is to rely more heavily on efficiency savings and service cuts which would inevitably fall heavily on Children & Education and Health & Social Care since these areas, in aggregate, account for 56% of the Council's total controllable spending.

1.12 Approval of the proposals within this report will maintain the Council's financial health and resilience and its ability to respond in a measured and proportionate way to any "financial shocks" as well as having sufficient financial capacity to exploit opportunities as they arise.

1.13 The proposals within this report are a necessary pre-cursor to the Annual Budget and Council Tax Setting meeting of the 14th February 2017 when the Council will be requested to formally approve the Budget for 2017/18 and the associated Council Tax for the year. Should the savings proposals contained within this report be approved, they will form the basis of the Budget for 2017/18 presented to Council. That report will also include a comprehensive revision of the Council's future financial forecasts and set the consequent future savings requirements for the period 2018/19 to 2020/21.

2 Purpose of Report

2.1 The report describes the financial challenge facing the City Council for the three years 2017/18 to 2019/20 and the likely implications for Council services to businesses and residents. It also describes, in overall terms, the way in which the Administration will seek to address this challenge through its refreshed Medium Term Financial Strategy, now described as follows:

OVERALL AIM

"In year" expenditure matches "in year" income over the medium term whilst continuing the drive towards regeneration of the City, being entrepreneurial and protecting the most important and valued services

2.2 The report sets out the need to find £24m of savings over the next three years with a minimum of £9m (assuming a 3.99% increase in Council Tax) to be made in 2017/18. It recommends the level of savings to be made across Portfolios and other activities in 2017/18 consistent with both the outcomes of the recent budget consultation exercise and the overall financial strategy. The appendices highlight the likely savings proposals and implications associated with the overall Portfolio savings levels proposed.

2.3 Also addressed within this report is the commitment by the Administration to refresh the criteria for the use of the Voluntary Sector Capacity & Transition Fund to ensure that those funds are more accessible for use to secure sustainable voluntary sector services in the future.

2.4 Finally, the report stresses the important contribution that the MTRS Reserve and the Capital Programme can make to the Council's overall Medium Term Financial Strategy. The General Fund Revenue Budget is the most constrained of all Council budgets and the sustainability of Council Services will be better protected if both MTRS funds and the Capital programme are directed towards generating savings or raising income.

2.5 This report is being brought at this time to provide greater opportunity for any necessary consultation, notice and other lead-in times to take place prior to implementation in order that full year savings can be made. Should approval of the savings be considered at a later date, a greater number or deeper savings will be required in order to compensate for any delay in implementation.

2.6 In particular, this report explains:

(a) In broad terms the challenge for the City in the current economic climate

(b) The general financial constraints on the City Council both currently and in future years

(c) A refresh to the Council's Medium Term Financial Strategy

(d) Where underlying budget deficits currently exist and how these will be managed

(e) Key assumptions built into the City Council’s forecasts for 2017/18 to 2019/20 which give rise to a forecast £24m deficit over the period and which include:

   i. Revenue Support Grant

   ii. Other Non-ring fenced grants

   iii. Business Rates

   iv. Council Tax yield

   v. Inflation and interest rates

(f) The level of uncertainty surrounding future years funding sources from Council Tax, Business Rates and Government Grant and the extent to which this could affect the forecast £24m deficit over the period

(g) The Medium Term Financial Strategy aimed at meeting the Council's core aim whilst addressing the £24m deficit

(h) The key themes arising from the budget consultation that took place over the September / October period to assist Members in their consideration over the level and nature of savings to be made across Portfolios

(i) In the context of the Medium Term Financial Strategy and the Budget Consultation, the proposed savings amount for each Portfolio / Committee to be made in 2017/18

(j) The detailed indicative savings (Appendix B) that could be made by each Portfolio / Committee in meeting its overall savings amount in order to provide the Council with the assurance necessary to approve the recommended savings amount for each Portfolio / Committee

(k) How any change to the Adult Social Care Council Tax precept assumed at 2% of Council Tax will affect the Council's savings requirements

(l) The need to agree the Portfolio / Committee savings amounts at this early stage in order that any necessary consultation, notice periods or other lead times can commence in order to avoid greater and deeper savings arising from any delay

(m) The proposed criteria for the use of the Voluntary Sector Capacity & Transition Fund

(n) How the proposals contained within this report will be fed into the formal Budget and Council Tax 2017/18 proposals to be considered by the City Council on 14th February 2017

3 Recommendations

3.1 That the following be approved:

(a) The Medium Term Financial Strategy set out in Section 8

(b) That the Council's Budget for 2017/18 be prepared on the basis of a 3.99% Council Tax increase

(c) That in the event that the Council has the ability to increase the level of Council Tax beyond 2% in order to fund Adult Social Care pressures, and if the Council elects to do so, that any additional funding that arises is passported direct to Adult Social Care to provide for otherwise unfunded cost pressures.

(d) The savings proposals for each Portfolio amounting, in total, to £9m for 2017/18 and continuing into future years as set out in Appendix A to enable appropriate consultation and notice periods to be given to affected parties

(e) That the criteria for the use of the Voluntary Sector Capacity & Transition Fund be replaced with the following:

i) Overall fit with the Council's objectives - providing services consistent with the Council's responsibilities that are not replicated elsewhere
ii) Integration and/or collaboration with other voluntary sector partners - demonstrating a willingness to transform and build voluntary sector capacity on a sustainable basis
iii) Deliverability - proposals are costed robustly and plans demonstrate that they can be confidently delivered
iv) Sustainability - a single application for a 1 year, 2 year or 3 year award which demonstrates an operating model that will endure without further funding from the Council
v) Cost Avoidance - illustration of how the proposal avoids costs elsewhere "in the system" and / or improves the integration and efficiency of the voluntary sector as a whole
vi) Potential for further Transformation - the extent to which the proposal could drive further transformation and capacity of the voluntary sector in the future
vii) Wider economic impacts

3.2 That the following be noted:

(a) The Budget Savings Requirement for 2017/18 of £9m approved by the City Council was based on a Council Tax increase of 3.99%; each 1% change (increase or decrease) in the Council Tax results in a change to the savings requirement of £652,000[1]

(b) The key themes arising from the budget consultation

(c) The indicative savings proposals set out in Appendix B which are provided for the purpose of demonstrating to the Council that the Portfolio savings as recommended in paragraph 3.1 (d) above are robust and deliverable

(d) The likely impact of savings as set out in Appendix B based on the scale of the Portfolio savings as recommended in paragraph 3.1(d)

(e) The Local Council Tax Support Scheme for 2017/18 was approved by the City Council on 15 November 2016, the associated savings are now reflected in the overall savings requirement of £9m; the scheme itself has now been approved and that scheme is not the subject of this report, the proposals in this report simply reflect the associated budget position

(f) That the responsibility of the City Council is to approve the overall Budget and the associated cash limits of its Portfolios and Committees; it is not the responsibility of the City Council to approve any individual savings within those Portfolios / Committees

(g) That it is the responsibility of the individual Portfolio Holders (not the City Council) to approve the individual savings proposals and the Portfolio Holder can therefore, in response to any consultation, alter, amend or substitute any of the indicative savings proposal(s) set out in Appendix B with alternative proposal(s) amounting to the same value within their Portfolio

(h) Managers will commence the implementation of the approved savings required and any necessary consultation process or notice process

(i) That there is no general provision for Budget Pressures and that it is the responsibility of the Portfolio Holder to manage any Budget Pressures which arise from the overall resources available to the Portfolio (which includes their Portfolio Reserve)

(j) In accordance with the approved financial framework, it is the responsibility of the Portfolio Holder, in consultation with the Director of Finance & Information Services (S151 Officer), to release funds from the Portfolio Reserve in accordance with the provisions set out in paragraph 10.15

(k) The MTRS Reserve held to fund the upfront costs associated with Spend to Save Schemes, Invest to Save Schemes and redundancies currently holds a very modest uncommitted balance of £3.0m and will only be replenished from an approval to the transfer of any non-Portfolio underspends at year end into this reserve

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[1] Tax increases will be subject to Council Tax referendum thresholds which are at this stage unknown

4 Economic & Financial Context

4.1 The national public finances continue to be a challenge for Central Government. The economic forecasts from the Office for Budget Responsibility (OBR) which informs Government's tax and spending parameters have worsened since the national Budget in March 2016. Central Government have responded to this in the Autumn Statement on 23rd November 2016 by relaxing the previous fiscal rules requiring a Budget Surplus by the end of this parliament and now allowing the Country to return to a Budget Surplus "as early as possible in the next parliament…..but should be below 2% by the end of this parliament".

4.2 Despite the worsening of the national public finances since the Comprehensive Spending Review and the March Budget 2016, the Autumn Statement did not seek any further reductions in Government Departmental Spending limits which implies that the 4 year Government Finance Settlement that the Council applied for (and has now been approved by Government) will remain intact.

4.3 The Autumn Statement did however confer some additional cost pressures on the Council in relation to the uplift in the National Living Wage from £7.20 to £7.50 (4.2% increase) from April 2017 which will predominantly affect Adult Social Care contracts. The impact of the National Living Wage increase is expected to amount to £1.4m.

4.4 Over the past 6 years (since 2011/12), Central Government funding to Portsmouth City Council has reduced by over £68m (amounting to 44%). This has primarily been through reductions in Revenue Support Grant and has made no allowance for the differing council tax levels and tax bases of councils. Taken together with other financial pressures that have been experienced by the City Council (mainly relating to inflation, the effects of an ageing population on care services and the increased requirements for the safeguarding of vulnerable children), the City Council has had to make overall savings over the same period of over £86m. In context, this represents circa 42% of the Council's controllable spending.

4.5 Looking forward, the Council's current forecasts which run to 2019/20 indicate an overall savings requirement of £24m over the forthcoming 3 year period. This will mean that over the period of the austerity programme, funding from Government will have reduced by some 53%.

5 Local Government Funding Outlook - 2017/18 and Beyond

Local Government Finance Settlement 2017/18 & Beyond

5.1 The Local Government Finance Settlement is the term used to describe the main non-ring fenced Revenue and Capital grant funding allocations from Government.

5.2 The Local Government Finance Settlement for 2017/18 which currently accounts for approximately 47% of controllable spending is expected to be announced in either the second or third week of December 2016. As previously mentioned, it is anticipated that the settlement for 2017/18 will be as set out in the 4 year Finance Settlement upon which the Council's savings requirements are based. Consequently, it is not anticipated that the Council's overall financial position (and its deficits) will be significantly affected by the Settlement.

5.3 In overall terms, the Council expects a further reduction in Government Funding over the three year period 2017/18 to 2019/20 of £12.2m, representing a funding reduction of 20%.

5.4 Whilst the Local Government Finance Settlement is a significant factor in determining the Council's overall financial position and therefore any necessary savings, other significant factors that will affect the Council's future savings requirements include Business Rates income, Council Tax income, inflation, interest rates and any new unfunded burdens passed down from Government.

Council Tax 2017/18 & Beyond

5.5 Portsmouth City Council remains a low taxing Authority. The Council currently receives approximately £6.0m per annum less in Council Tax than the average Unitary Authority within its statistical neighbour group, a gap which the Council would otherwise not need to fund through reductions in services or additional income.

5.6 The original assumptions for 2017/18, 2018/19 and 2019/20 are for a 3.99% increase in Council Tax each year, this generates a total of £8.4m in income over the 3 year period (or £2.8m per annum). The increase in the amount of Council Tax payable by the average council taxpayer[2] in Portsmouth with a 3.99% increase is £37.81 per year (or 73 pence per week).

5.7 Half of the assumed increase (i.e. 2%) relates to the "Adult Social Care precept". This is an increase in Council Tax that Councils can raise but only if the funding is passported to Adult Social Care. This precept is designed to help relieve the pressure on what is termed "the funding crisis in adult social care" which is occurring as the elderly population rises alongside the cost of care.

5.8 The assumed Council Tax increase of 3.99% is comprised of the following:

(a) A 1.99% increase yielding £1,298,000 (equating to 36 pence per week for a Band B[3] Tax payer) **for general purposes** including covering the costs of inflation and other cost pressures

[2] The median Council Taxpayer lives in a Band B property

[3] The average Council Tax Payer in Portsmouth lives in a Band B property

(b) A further 2% increase yielding £1,305,000 (equating to a further 36 pence per week for a Band B Tax payer) for the "Social Care Precept" and to be passported direct to Adult Social Care to fund increasing demographic pressures and other cost pressures such as the National Living Wage estimated at circa £1.4m alone

5.9 Each 1% change (increase or decrease) in the Council Tax results in a change to the savings requirement of £652,000[4]. Should the Council wish to reduce the assumed level of Council Tax increase from 3.99%, equivalent savings will need to be made in order to remedy the associated increase in the overall deficit. Conversely, any increase in Council Tax beyond the 2.0% **for general purposes** will make a contribution towards the overall deficit, meaning that the extent of savings to be made will reduce. Council tax increases **for general purposes** however, are subject to a "referendum threshold" which is a limit (i.e. council tax increase) that to exceed requires a "yes" vote in a referendum. The Council Tax referendum limits are not expected to be announced until the second or third week in December as part of the Local Government Finance Settlement.

5.10 The limit for the Adult Social Care precept is determined by Central Government, this is also expected to be announced as part of the Local Government Finance Settlement. Should this limit be set at a rate that is higher than the 2.0% currently assumed, and the Council decide to implement any such additional increase, this will need to be passported to Adult Social Care.

5.11 As set out in Section 6, there are a number of actual and potential cost pressures that either currently exist or will fall on Adult Social Care in 2017/18. This includes the current underlying budget deficit amounting to £0.6m as described in the "Revenue Budget Monitoring 2016/17 (2nd Quarter) to end September 2016" report contained elsewhere on this Agenda. In addition, Adults Social Care will face pressures from the rising elderly population generally, the requirements of the Care Act and the 4.2% increase in the National Living Wage. The National Living Wage alone could confer an additional cost of circa £1.4m on the Council. On that basis, it is recommended that in the event that the Council has the ability to increase the Adult Social Care Precept beyond 2% and if the Council elects to do so, that any additional funding that arises is passported direct to Adult Social Care in order to provide for currently unfunded pressures.

<u>Business Rates 2017/18 & Beyond</u>

5.12 The previous grant funding system from Government changed in 2013/14. Funding from Government was reduced and replaced with the ability to retain 49% of all Business Rates collected. Business Rates income is increased by inflation each year and is also influenced by the extent to which Business Rates income grows or contracts and the level of successful appeals against rates

[4] Tax increases will be subject to Council Tax referendum thresholds which are at this stage unknown

valuations. Whilst this presents an opportunity for Local Authorities with strong business growth potential, it also presents risks for Authorities whose business rates base is in decline or subject to “shocks” such as closure (or relocation) of major businesses in an area.

5.13 The system is complex but some of the key features are highlighted below:

- For business the National Non Domestic Rates (NNDR) system will remain the same. Local Authorities will not have control over how the level of tax is determined for ratepayers

- If the business rate taxbase grows the City Council will be rewarded with increased funding, but if it declines Council funding will reduce

- It is estimated that a 1% change in Business Rates will result in circa £400,000 change in funding

- Local Authorities that have very significant business rate growth will pay a levy

- A safety net payment will come into effect if an Authority’s income falls by more than 7.5% of the original baseline funding level.

5.14 Current estimates of the City Council's share (i.e. 49%) of total Business Rates collected for 2016/17 is £39.6m. For the period 2017/18 to 2019/20, the Council's forecasts assume no real growth but with inflationary uplifts of 2.0%, 2.9% and 3.2%, respectively. These inflationary uplifts are now considered to be optimistic for 2017/18 and changes to the estimated Business Rate income for the current and future years will be reflected in the comprehensive revision to the Council’s overall financial forecasts in February 2017. Any consequent implications will be reflected in the Savings Requirements for future years.

5.15 A Business Rate revaluation will come into effect from April 2017 which is intended to be fiscally neutral at a national level. The intent is also to neutralise and financial effect on each Local Authority through the current system of "Top Ups" and "Tariffs". So, the uplift in rateable values in Portsmouth which will lead to increased business rate income will be offset by a reduction in the "Top Up" Grant from Government in order to neutralise the financial effect. There will however, be inherent financial risks to the Council as a consequence of the revaluation, most significantly the extent to which it prompts a peak in rating appeals.

5.16 Economic growth and job creation in the city are key part of the Council's Financial Strategy. The City Council has a key role in regenerating the city, working with partners to grow the local and sub-regional economy. As described later in this report, growth and job creation has the dual impact of increasing the prosperity of residents generally which leads to a reduction in demand for Council services and increases Business Rates, of which 49% is retained by the Council. This allows the Council to both reduce its costs as well as generate additional income.

5.17 In summary, the forecast funding for Local Government from Central Government Grant should be relatively stable, Council Tax income is also predictable with a reasonable degree of accuracy. Significant uncertainty over the estimated income from Business Rates will remain. Whilst a degree of uncertainty exists, the Council's current forecasts for 2017/18 anticipate a total reduction in revenue funding from Government of £7.5m[5] whilst a Council Tax increase of 3.99% will generate £2.6m of income, a net shortfall of £4.9m before taking account inflationary and other cost pressures.

6 City Council Expenditure Outlook - 2017/18 & beyond

Demographic Changes

6.1 Demographic changes are likely to generate the largest cost pressures facing the City Council going forward. Nationally, it has been said that the ageing population will cause at least as much pressure on budgets as the austerity programme currently in place. As well as pressure caused by an ageing population there is also pressure caused by a "living longer" population. More people are coming through the transition into adult care from children's care with profound physical or learning disabilities and tend to be at the higher end of the care spectrum, costing significant amounts of money. The outlook therefore for the Council's essential care services is one of significantly increasing costs.

Government Policy Changes / Expectations 2017/18 and Beyond

6.2 Reforms to the welfare system are likely to result in additional demands on the Council's housing and essential care services.

6.3 Such changes could also reduce the income which the Council can charge for providing those services. The cumulative impact of the reforms where separate benefits convert to the Universal Credit coupled with the change from Disability Living Allowance to Personal Independence Payments is likely to reduce social care clients' disposable income and therefore the amount they can afford to pay for their care.

6.4 New care duties and responsibilities for local authorities commenced under the Care Act in April 2015. The Government has stated that it will fund these new Care Act requirements in full (either to Local Authorities directly, and potentially by the ability to raise Council Tax, or through the Better Care Fund of the NHS).

[5] Based on the Baseline Funding level that includes RPI uplift on Business Rates

6.5 The introduction of the National Living Wage from April 2017 is expected to create significant cost pressures for the Council particularly in Adult Social Care contracts. Initial estimates suggest that the impact could be in the order of £1.4m per annum.

Inflation

6.6 In overall terms, the cost of inflation has been relatively modest in recent years. This has been held down largely due to the pay restraint over the last 5 years characterised by pay freezes and modest increases of circa 1% per annum over the past 3 years. For the next 3 year period, the Council's current forecasts assume that inflationary costs will amount to £11.0m as the Consumer Price Index (CPI) starts to move to more normal levels. Taking account of all of these factors, overall inflation for the Council over the next 3 years is forecast to range between 1.8% and 2.4%. Since these forecasts were prepared, it is now known that the employer's pension contribution rate will increase by 1.0% in 2017/18, a further 1.0% in 2018/19 and a further 1.0% in 2019/20 which over the 3 year period will add an annual cost of £1.6m.

6.7 These assumptions will be comprehensively reviewed in February 2017 with all of the other assumptions within the Council's medium term financial forecasts when they will be known with greater certainty.

Interest Rates

6.8 Interest rates for investments were initially forecast to range between 1.5% in 2017/18 and rise steadily to 2.25% in 2019/20. Expectations now are that interest rates will not rise at quite the pace originally forecast and therefore the positive influence that rising interest rates have on the Council's overall financial position will be lower. This will be reviewed as part of the Council's comprehensive revision of its forecast in February 2017.

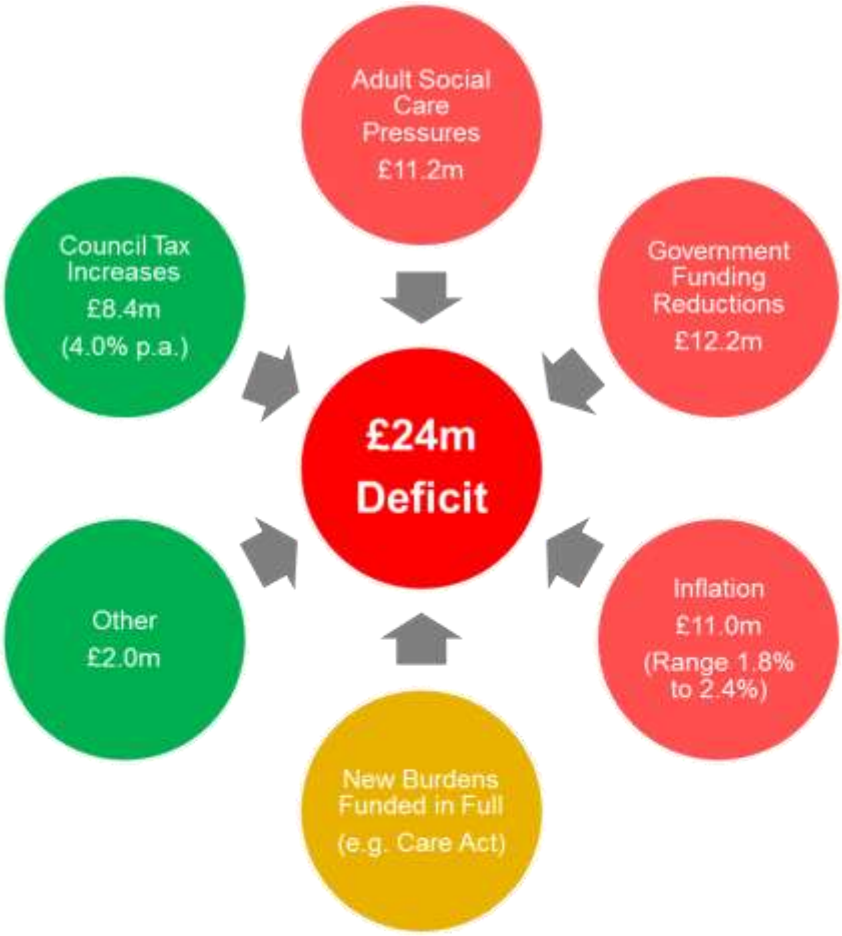
6.9 Borrowing rates are quite volatile due to the impact of the EU Referendum and general geo-political developments but the general expectation is for an eventual trend of gently rising gilt yields and therefore borrowing rates. The Council is not generally in a borrowing position in the short term but may take modest amounts of borrowing (for future requirements) within the next 3 years if low rate opportunities arise.

7 Overall Financial Forecast - 2017/18 to 2019/20

Overall 3 Year Financial Forecast

7.1 In overall terms, taking account of both spending pressures and funding reductions over the next three financial years, it is forecast that the Council faces an overall deficit of £24m. This means that by 2019/20, the Council's net expenditure will need to be £24m less that it is at present and that savings of that sum will need to be made either through increased income or reduced costs.

7.2 An illustration of the factors causing the forecast £24m deficit as described in Sections 5 & 6 is shown below:



Savings Requirement for 2017/18 & Forecast Savings Requirements for 2018/19 and 2019/20

7.3 The last comprehensive review of the City Council's 3 Year Financial Forecast was reported in the Annual Budget Report in February 2016. This set out the City Council's underlying budget deficit and consequent forecast Budget Savings Requirement for the next 3 years as follows:

	Underlying Budget Deficit	**Annual Budget Savings Requirement**	**Total Savings Requirement**
	£m	**£m**	**£m**
2017/18	9.2	9.0	9.0
2018/19	15.7	8.0	17.0
2019/20	23.9	7.0	24.0

7.4 On the basis of the overall £24m deficit and the preference to be able to manage those savings smoothly over that period, the City Council resolved in February 2016 that a minimum savings requirement of £9.0m would be implemented for 2017/18. That minimum savings requirement was predicated on a Council Tax increase of 3.99% (which generates £2.6m of additional Council Tax income).

7.5 The Council is aware of a number of potential changes to the assumptions underpinning these forecasts and will also be undertaking the usual review of the estimates of Council Tax and Business Rates income in early January 2017, this means that a comprehensive revision at this stage would be premature and subject to potentially significant change.

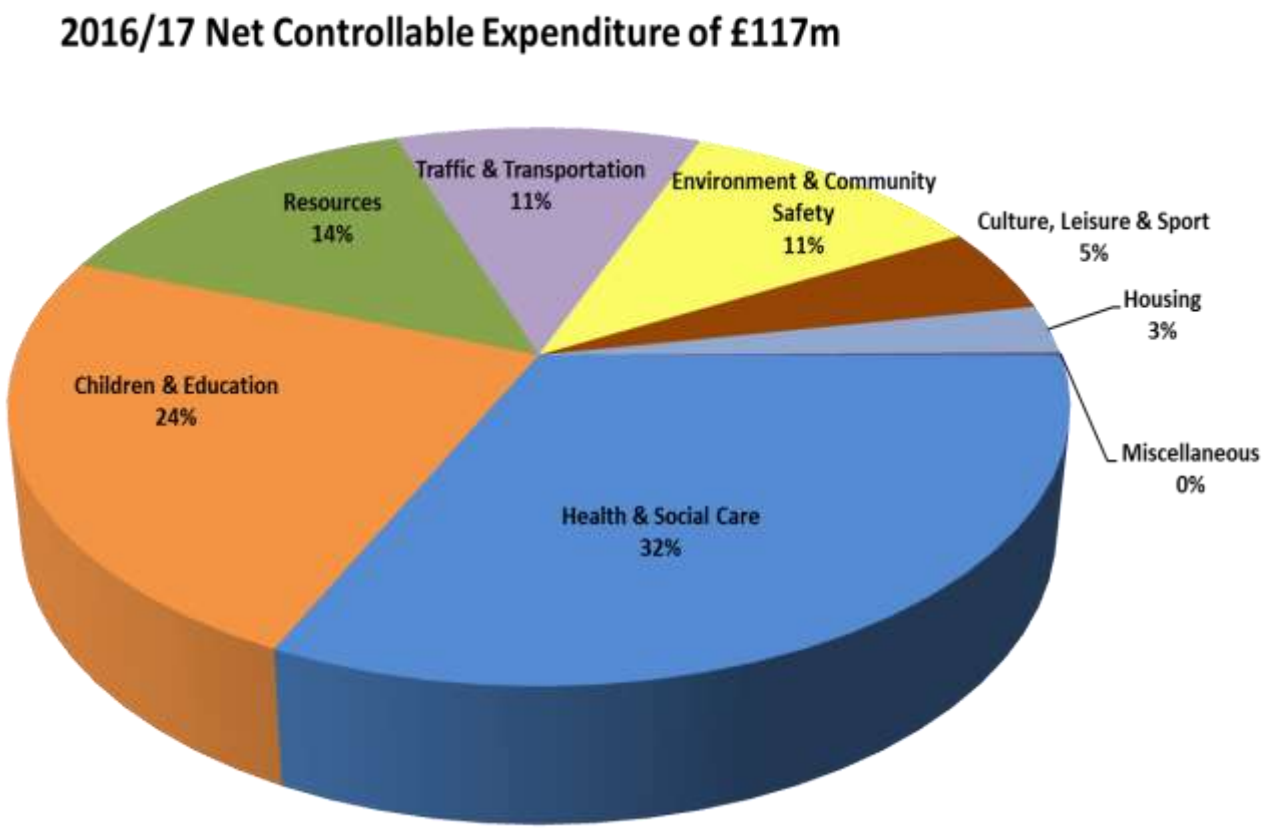
7.6 The Director of Finance & IS (S151 Officer) advises that whilst it is likely that the overall financial forecasts will change, the savings requirement for 2017/18 at £9.0m (with a Council Tax increase of 3.99%) remains robust and prudent. Given what is known, or reasonably expected, regarding future funding reductions and given future uncertainties, a savings requirement of less than these sums would not be prudent.

8. Medium Term Financial Strategy - 2017/18 & beyond

Financial Strategy 2017/18 & Beyond

8.1 In overall terms, the financial picture over the next 3 years and beyond is one of increasing costs and demand for services, particularly in essential care services, at the same time as continued and unprecedented reductions in funding. Taking all of the cost and funding implications into account, it is estimated that the Council will need to make £24m of savings over the next 3 years.

8.2 Considering also that those essential care services consume 56% of the Council's net controllable budget, the Council is faced with a position where it not only has to meet those costs, or at the very least manage the demand for those services, but simultaneously find £24m savings across all areas. This is illustrated below:



8.3 It is also of significance that a further 22% of the Council's controllable spend is consumed by the Traffic & Transportation and Environment & Community Safety Portfolios where a large proportion of their activities are tied into long-term contracts where the savings potential is therefore more limited.

8.4 The Council's Medium Term Financial Strategy has been developed to respond to these very challenging circumstances. The Strategy has a strong regeneration focus with a presumption that Capital investment will be targeted towards economic growth. This is to improve the prosperity of the City through employment as an objective in itself but also because this will reduce the demand for Council services generally. Furthermore, re-generation creates the opportunity for additional business rates to be generated and retained by the Council. The Capital Programme can also be a vehicle for Invest to Save schemes enabling the Council to reduce its own costs in the future. Accordingly, the strategy is consistent with 'Shaping the future of Portsmouth' (adopted by the City Council in 2010) which articulates the vision for the City to become a globally competitive economy supporting local economic growth, innovation and enterprise. This strategy has been adopted by business leaders across the City and is in the process of being delivered in partnership with the Shaping Portsmouth Partnership.

8.5 Equally prominent in the refreshed strategy below is the stronger focus on entrepreneurial activities leading to income generation as a means to make savings and avoid cuts to services. Entrepreneurialism now extends to include the further development of strategic partnerships and shared service arrangements as a means to improve resilience, or fill skills shortages, as well as reducing costs.

8.6 The Strategy is illustrated overleaf:

OVERALL AIM

"In year" expenditure matches "in year" income over the medium term whilst continuing the drive towards regeneration of the City, being entrepreneurial and protecting the most important and valued services

STRAND 1

Transforming to an Entrepreneurial Council:

- Income Generation
- Maximise the return on Property and Assets
- Invest for commercial gain
- Develop and establish commercial entities to sell services profitably
- Capital investment for jobs and business growth (increased Business Rates)
- Establishing strategic partnerships / share service arrangements to reduce costs and increase resilience

STRAND 2

Reduce the extent to which the population needs Council Services

- Re-direction of resources towards preventative services (avoid greater costs downstream)
- Design fees & charges policies to distinguish between want and need
- Capital investment towards jobs and skills to raise prosperity

STRAND 3

Increase the efficiency & effectiveness of the Council's activity:

- Contract reviews
- Rationalisation of operational buildings
- Support to the Voluntary Sector
- Targeted efficiency reviews in "resource hungry" services
- Capital investment for on-going savings or cost avoidance

STRAND 4

Withdraw or offer minimal provision of low impact Services:

- Strong focus on needs, priorities on outcomes
- Use the insights of Councillors to inform priorities
- Use the results of public consultation to inform priorities

The Strategy is also underpinned by a financial framework which provides financial autonomy to Portfolios and Committees. Any underspending arising against their budgets are retained by them. This was deliberately designed to create the financial conditions that support responsible spending and promote forward financial planning. The implication of this is that the opportunity for future underspendings to accrue and be available corporately is much reduced. It is vitally important therefore, that the use of any corporate underspends is used wisely and in accordance with the Council's Medium Term Financial Strategy aimed at meeting the future financial challenges of the Council.

8.7 The MTRS Reserve is a fundamental component of the Council's financial framework and is designed to provide funding for future redundancies, Spend to Save and Invest to Save initiatives. The current uncommitted balance on the MTRS Reserve amounts to £3.0m and is considered to be very modest in the context of the £24m of savings that the Council is required to make over the next 3 years.

9 Budget Process & Consultation 2017/18

9.1 During September and October of this year, the Council undertook a Budget consultation to understand residents spending priorities and where they felt savings should be made. The consultation was city wide and took the form of a questionnaire which was also supplemented by a series of public meetings with residents, staff and the business community.

9.2 The final response rate from the consultation was as follows:

Residents	551
Staff	690
Citizen's Panel	48
Total	**1,289**

9.3 The response rates are distributed throughout the city and provide a varied set of responses. Those over-represented in the consultation were Rental Hubs, Transient Renters and Aspiring Homemakers, Urban Cohesion and Municipal Challenge. Significantly under-represented groups include Suburban stability and Family basics. Suburban stability is generally representative of comfortable families, while Family basics are generally families struggling to make ends meet in social housing.

9.4 Given the response volume, the results can be considered to be statistically robust with a margin of error of 3% based on a 95% confidence rate.

9.5 Overall, whether a staff member or a resident, respondents for the most part agreed with the overall management strategy for the budget.

- Respondents were in agreement that we should be working with other organisations but some provisos on how that might work with charities were mentioned

- The majority acknowledge generating income to protect services was preferable to cutting services, although some felt any additional investments should be made within the city, rather than in properties in other areas

- There is support for protecting services to vulnerable adults and children

- Just over half of respondents indicated they would accept an additional 2% increase in council tax to support adult social care.

- Residents agree with the introduction of more digital channels to accommodate service improvement and save money.

9.6 The full results of the Budget Consultation can be found at: https://www.portsmouth.gov.uk/ext/the-council/transparency/budget-17-18-proposals-and-survey-results.aspx

9.7 These results have been fully considered by the Administration in formulating their budget savings proposals described in Section 10 below.

10 Budget Proposals for 2017/18 to 2019/20

Budget Savings Proposals 2017/18

10.1 The Administration's budget savings proposals are centred around the Medium Term Financial Strategy previously described in Section 8 and have been prepared paying due regard to the responses from the Budget Consultation set out in Section 9 as well as the Administration's strategic priorities. The proposed savings amounts to be made by each Portfolio and which are recommended for approval are attached at Appendix A.

10.2 The Administration's proposals are focussed on an "Avoidance to Cuts" approach in line with the Medium Term Financial Strategy. In overall terms, the proposed £9m of savings is characterised as follows:

- Efficiency Savings (little or no reduction in Services) £6.7m (74%)
- Additional Income £1.4m (16%)
- Service Reductions £0.9m (10%)

10.3 Over £3.1m of the savings described as Efficiency Savings arise from a re-profiling of the sums set aside for the repayment of historic debt, taken together with the additional income proposals (£1.4m) set out in Appendix A, means that these entrepreneurial activities alone have contributed to more than half of the required savings for 2017/18.

10.4 Noting also the response from the Budget Consultation which generally suggests that services to the vulnerable should receive some measure of protection, the Administration's savings proposals provide significant protection from savings for both of these Portfolios versus the average saving of 4.7% across all areas. As a necessary consequence, savings from other Portfolios are proportionally higher and significantly higher in some cases such as Planning Regeneration & Economic Development and Other Expenditure. A summary of the overall savings proposals for 2017/18, by Portfolio, is set out below.

Portfolio / Committee	**Savings Proposal**	
	£	**% Budget**
Children's Social Care	300,000	1.1%
Culture, Leisure & Sport	343,600	3.7%
Education	212,000	3.3%
Environment & Community Safety	87,000	0.6%
Governance, Audit & Standards	30,000	4.1%
Health & Social Care - Adult Social Care	1,382,000*****	2.6%
Health & Social Care - Public Health	602,000	4.4%
Housing	179,000	3.3%
Planning, Regeneration & Economic Development	928,000	11.7%
Resources	961,400	3.0%
Traffic & Transportation	330,000	2.5%
Other Expenditure (incl. Debt Repayment)	3,645,000	52.2%
Grand Total	**9,000,000**	**4.7%**

*** Excludes the additional funding passported through the Adult Social Care Precept of £1.3m and additional funding for the Care Act of £0.2m meaning that in cash terms there is a zero reduction to Adult Social Care**

10.5 The analysis above highlights the conundrum that the Council faces regarding the desire to protect both Education and Adults and Children's Social Care whilst still wishing to retain good quality sustainable public services in its other portfolios. By way of example, the average saving required across the Council was 4.7% of spending but to protect Children's Social Care (at 1.1% spending reductions) and Health & Social Care - Adult Social Care (at 2.6% spending reductions), it has been necessary to make spending reductions in other valued Portfolios of up to 11.7%.

10.6 Inevitably, there are a number of financial risks contained within the proposals for making savings of the scale of £9m (or 4.7%) on the back of making £86m in savings and efficiencies over the past 6 years. The risks are unavoidable.

For those risks with the highest likely impact, mitigation strategies are being developed. In previous years, the highest risks have been to the delivery of the savings within the essential care services and whilst these still remain, they have generally been managed by making some contingency provision on a "one-off" basis in order to provide additional time to re-design service provision.

10.7 Looking forward to 2017/18, there still remain risks in both Children's and Adults Social Care. Whilst the Council is forecasting a balanced budget in the current year, there remain underlying deficits in these two Services of £454,000 and £600,000, respectively. Further savings proposals for both of these services (not contained within this report) are being planned in order to eliminate these deficits and place their budgets on a sound footing for 2017/18. Nevertheless, as described in Section 5, in the event that the Council has the ability to increase the Adult Social Care Precept beyond 2% and if the Council elects to do so, any additional funding would need to address those pressures in the first instance.

10.8 It is important to note that the Council's responsibility is to set the overall Budget of the Council and determine the cash limits for each Portfolio. It is not the responsibility of the Council to approve the detailed savings that need to be made in order for the Portfolio to meet its cash limit. The Council do need to have the confidence that the recommended savings for each Portfolio are deliverable and what the likely impact of delivering those savings might be. Indicative savings that are likely to be necessary in delivering the overall Portfolio savings are attached at Appendix B and whilst the detailed savings are not a matter for the Council to decide, they are presented to inform the decision of Council relating to the savings to be made by each Portfolio / Committee.

10.9 To provide the best opportunity to achieve full year savings and deliver the £9m Savings Requirement, it would be prudent and financially responsible for the Council to seek to implement its 2017/18 savings as early as possible. From the perspective of service delivery, giving partners and residents significant advance notice of the changes to come into effect from next April will assist them to plan for change accordingly.

10.10 A crucial part of a prudent financial strategy is to maintain strong financial resilience. That means maintaining adequate levels of reserves to be able to respond to "financial shocks" or having reserves available to help implement savings in a planned and managed way. The early (or timely) implementation of savings proposals ensures that those reserves remain intact and are available for such purposes.

10.11 In order for the City Council to be able to implement the Savings Requirement in good time, a number of savings proposals will require that consultation take place and notice periods be given. Should the Portfolio savings set out in Appendix A be approved, Managers will commence the implementation of those savings and any consultation process or notice process necessary.

10.12 For savings proposals that require consultation, the actual method of implementation or their distributional effect will not be determined until the results of consultation have been fully considered. Following consultation, the relevant Portfolio Holder may alter, amend or substitute any of the indicative savings proposal(s) set out in Appendix B with alternative proposal(s) amounting to the same value.

Budget Pressures Proposals 2017/18

10.13 The Council no longer makes any general provision for Budget Pressures. This was agreed as part of the Medium Term Financial Strategy approved by the City Council in November 2013.

10.14 One of the aims of the Medium Term Financial Strategy is to create the conditions that incentivise responsible spending and strong forward financial planning. As a consequence, a financial framework was implemented which provides Services with much greater financial autonomy.

10.15 The features of the new financial framework include:

i) Each Portfolio to retain 100% of any year-end underspending and it to be held in an earmarked reserve for the relevant Portfolio

ii) The Portfolio Holder be responsible for approving any releases from their earmarked reserve in consultation with the Director of Finance & Information Services (S151 Officer)

iii) That any retained underspend (held in an earmarked reserve) be used in the first instance to cover the following for the relevant Portfolio:

a) Any overspendings at the year-end

b) Any one-off Budget Pressures experienced by a Portfolio

c) Any on-going Budget Pressures experienced by a Portfolio whilst actions are formulated to permanently mitigate or manage the implications of such on-going budget pressures

d) Any items of a contingent nature that would historically have been funded from the Council's corporate contingency provision

e) Spend to Save schemes, unless they are of a scale that is unaffordable by the earmarked reserve (albeit that the earmarked reserve may be used to make a contribution)

Once there is confidence that the instances in a) to e) can be satisfied, the earmarked reserve may be used for other developments or initiatives

10.16 Correspondingly, any Budget Pressures must be funded within the overall resources available to the Portfolio Holder (which includes their Portfolio Reserve). As previously mentioned, it is the decision of the Portfolio Holder in consultation with the Director of Finance & Information Services (S151 Officer) to make releases from the Portfolio reserve.

10.17 Whilst no general provision exists for Budget Pressures, the Budget proposals do provide for the passporting of £1.3m of the Adult Social Care Precept to Adult Social Care as well as £0.2m to fund the new burdens associated with the implementation of the Care Act.

Medium Term Resource Strategy Reserve - Position

10.18 The Medium Term Resource Strategy Reserve (MTRS Reserve) is a reserve maintained by the Council for Spend to Save, Spend to Avoid Cost and Invest to Save Schemes. It is also the reserve that funds all redundancy costs arising from Budget Savings proposals. At present the reserve has an uncommitted balance of £3.0m.

10.19 An uncommitted balance on the MTRS Reserve of £3.0m is considered to be very modest in the context of the £24m of savings that the Council is required to make over the next 3 years. As the Council's primary vehicle for providing funding for Spend to Save initiatives, it is crucial that this fund is both spent wisely and replenished at every opportunity.

Proposals for Revised Eligibility Criteria for the Voluntary Sector Capacity & Transition Fund

10.20 In December 2014, the Council approved the establishment of the Voluntary Sector Capacity & Transition Fund for the following purpose **" to enable the voluntary sector to reconfigure their service or enhance their capacity / infrastructure in order to support / provide council services".** The fund was created from the MTRS Reserve and therefore the criteria used for the MTRS Reserve was equally applied to this fund. In broad terms, that requires that the fund can only be used for initiatives to make "one-off" allocations that will deliver financial savings to the Council and where the return, measured by "payback", is within a 4 year period.

10.21 Accordingly, a set of criteria was developed to provide assurance that the payback criteria and the purpose described above was achieved. Those criteria currently are:

- Overall fit with the Council's objectives
- Deliverability
- Payback
- The extent to which it could drive further transformation and capacity of the voluntary sector in delivering Council services
- Wider economic impacts

10.22 Those criteria have proved challenging to achieve. In order to make the fund more accessible to meets its primary purpose, a revised emphasis towards securing ***sustainable voluntary sector services*** in the future as a means to avoid cost rather than deliver a direct reduction in cost is proposed to be applied. Accordingly, the Payback criteria has been removed. Also removed is the requirement for any award to be a "one-off" allocation, this has been extended to encourage multi-year applications but of a sustainable and finite nature. It is envisaged that this will allow the voluntary sector to be more creative and flexible in their approach to developing proposals by taking away some of the previous financial obstacles. Additionally there is now a stronger emphasis on building capacity across the sector in a sustainable way. The following criteria are now proposed:

- Overall fit with the Council's objectives - providing services consistent with the Council's responsibilities that are not replicated elsewhere
- Integration and/or collaboration with other voluntary sector partners - demonstrating a willingness to transform and build voluntary sector capacity on a sustainable basis
- Deliverability - proposals are costed robustly and plans demonstrate that they can be confidently delivered
- Sustainability - a single application for a 1 year, 2 year or 3 year award which demonstrates an operating model that will endure without further funding from the Council
- Cost Avoidance - illustration of how the proposal avoids costs elsewhere "in the system" and / or improves the integration and efficiency of the voluntary sector as a whole
- Potential for further Transformation - the extent to which the proposal could drive further transformation and capacity of the voluntary sector in the future
- Wider economic impacts

Approval of the Budget 2017/18

10.23 At the 14th February 2017 Council meeting, a comprehensive revision of the Council's future forecasts will be presented. This will revise all of the key assumptions set out below as well as extending the forecast to cover an additional year (2020/21) in order to maintain a rolling 3 year plus current year financial forecast.

10.24 The Budget 2017/18 presented to the City Council for approval will be prepared on the basis of the proposals for savings and Council Tax set out in this report. It will also include the outcome of the following:

- The Local Government Finance Settlement for 2017/18
- The final estimate of the Council Tax yield (based on the determination of the Council Taxbase)
- The final estimate of the Business Rate yield
- Any necessary inflationary uplifts
- Final estimates of all items outside of cash limits including capital charges, support service charges, insurance, pension costs, contingency, borrowing costs, investment income, levies and precepts

- Any necessary virements across Portfolios to reflect changes in responsibilities.

11 Conclusion

11.1 The City Council continues to face the challenge of significant funding reductions but compounded by increasing cost pressures, most of which are driven largely by demographic pressures in the essential care services. Inflation more generally, including pensions costs, is also set to increase to levels not seen for some time. This requires the Council to make savings and/or increase income by £24m over the next 3 years (assuming a Council Tax increase of 3.99% in each and every year).

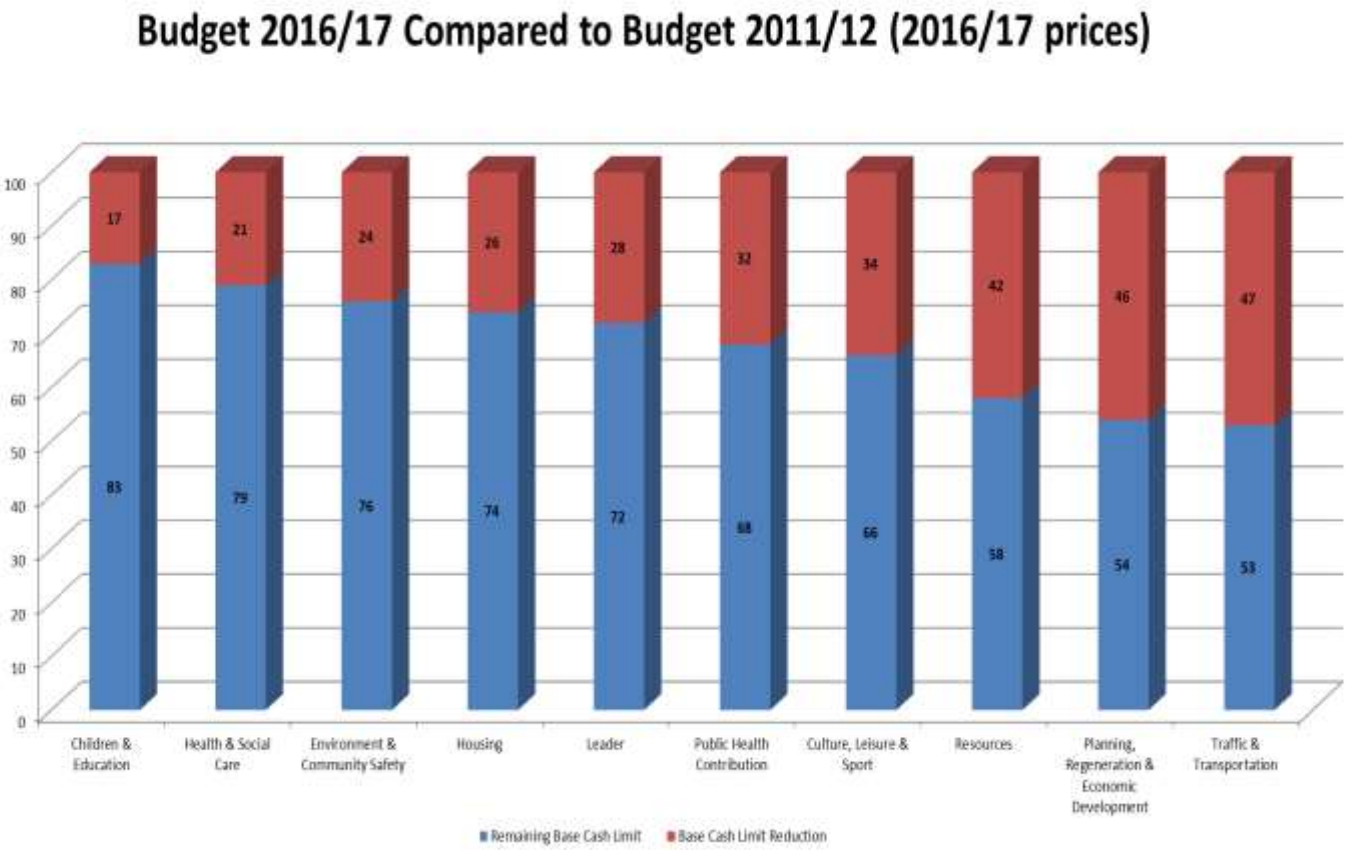
11.2 The first tranche of these savings amounting to £9m for 2017/18 have been developed in accordance with the Council's Medium Term Financial Strategy and with regard to the Budget Consultation recently completed. The overall strategy focusses on the avoidance of cuts with an emphasis on:

- Entrepreneurial activities such as maximising returns from property and assets and other income generation measures
- Reducing the extent to which the population needs Council services (through prevention activities and regeneration activities)
- Increasing the efficiency and effectiveness of the Council's services

Given the speed at which savings need to be made, it is inevitable that some cuts are required. These cuts have been informed by the budget consultation exercise and have been proposed on the basis that they are in the areas of least impact.

11.3 A very significant element of these savings proposals is to re-profile the way in which the Council sets aside funding for debt repayment, this alone has reduced the savings to Services that otherwise would have been necessary by £3.1m, representing over a third of the total savings requirement for 2017/18.

11.4 Before the £9m of savings proposals set out within this report, the cumulative savings of the Council over the austerity period from 2011/12 amounts to £86m. The impact that this has had on spending levels of Portfolios over that same period is illustrated below (Blue segment illustrates level of spending that remains, red segment is the level of spending which has been removed). The chart illustrates those services that have received relative protection from spending reductions (left hand side) and those services that have provided the compensation by making relatively higher spending reductions (right hand side).



11.5 This demonstrates that Services such as Children & Education, Health & Social Care and Environment & Community Safety have received the most protection from funding reductions and significantly more than "back office" services. This theme is continued through the Budget savings proposed for 2017/18 with those exact same services making the lowest savings as follows compared to the average saving of 4.7%:

- Children's Social Care - 1.1%
- Environment & Community Safety - 0.6%
- Health & Social Care - Adult Social Care - 2.6%

11.6 Looking forward beyond 2017/18 still with significant savings to be made, to avoid significant cuts to Services, the Council will need to focus its strategy on Entrepreneurial activities and regeneration.

11.7 It is clear that unless savings can be made through additional income or additional funding from Business Rates and Council Tax arising from investment in regeneration, then the burden of those savings will be required from efficiencies and service reductions. Inevitably, given the size of the savings required and the proportion of spending consumed by the Care Services, the Council will no longer be able to afford the same levels of protection that have been provided in the past for its Children's Social Care, Education, Health & Social Care and Environment and Community Safety services without very severe cuts to all other Services.

11.8 Approval for the savings proposals is recommended at this early stage in order to achieve full year savings and avoid greater and deeper cuts associated with any delay. In terms of service delivery and planning, it is equally important to provide partners and residents significant advance notice of the changes to come into effect in order to assist them to plan for change accordingly.

11.9 This report is the pre-cursor to the Annual Budget and Council Tax Setting meeting to be held on the 14th February 2017 where the Council will be requested to formally approve the Budget for 2017/18 and the associated Council Tax for the year. Should the savings proposals contained within this report be approved, they will form the basis of the Budget 2017/18 presented to Council in February 2017. That report will also include a comprehensive revision of the Council's future forecasts and set the consequent future savings requirements for the period 2018/19 to 2020/21.

11.10 Finally, the proposals within this report will maintain the Council's financial health and resilience and therefore its ability to respond in a measured and proportionate way to any "financial shocks" by having adequate reserves and contingencies available for a Council of this size and risk profile.

12 Equality Impact Assessment (EIA)

12.1 The Portfolio / Committee savings amounts proposed within this report will inevitably impact on service provision. Appendix B describes the indicative savings that might (or are likely) to be made in order to achieve the proposed savings amounts. Whilst some are likely to be implemented, there will be others that require consultation and appropriate Equality Impact Assessments to be considered before any implementation can take place. For this reason, any savings proposal set out in Appendix B can be altered, amended or substituted with an alternative proposal following appropriate consultation.

12.2 A city-wide budget consultation took place during September and October to help inform how to make £24m of savings over the next 3 years. The consultation took the form of a questionnaire which was also supplemented by a series of public meetings with residents and one public meeting with the business community. The Scrutiny Management Panel also met to consider the proposals contained within this report and have the opportunity to make their representations to the Cabinet prior to their recommendation to the City Council.

13 City Solicitor's Comments

13.1 The Cabinet has a legal responsibility to recommend a Budget to the Council and the Cabinet and Council have authority to approve the recommendations made in this report.

14 Director of Finance's Comments

14.1 All of the necessary financial information required to approve the recommendations is reflected in the body of the report and the Appendices.

……………………………………………
Signed by: Director of Finance & Information Services (Section 151 Officer)

Appendices:

A	Recommended Portfolio / Committee Savings 2017/18
B	Indicative Savings Proposals 2017/18

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	**Location**
Budget Working Papers	Director of Finance & Information Services (S151 Officer)
Local Government Finance Settlement 2016/17	Director of Finance & Information Services (S151 Officer)

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the City Council on 13th December 2016.

………………………………………………
Signed by: Leader of Portsmouth City Council

APPENDIX A

PROPOSED BUDGET SAVINGS AMOUNTS 2017/18 BY PORTFOLIO/COMMITTEE

Portfolio/Committee	Saving 2017/18		Saving 2018/19		Saving 2019/20	
	£	%	£	%	£	%
Children's Social Care	300,000	1.1%	300,000	1.1%	300,000	1.1%
Culture, Leisure and Sport	343,600	3.7%	343,600	3.7%	343,600	3.7%
Education	212,000	3.3%	212,000	3.3%	212,000	3.3%
Environment and Community Safety	87,000	0.6%	87,000	0.6%	87,000	0.6%
Governance, Audit and Standards	30,000	4.1%	30,000	4.1%	30,000	4.1%
Health and Social Care - Adult Social Care	1,382,000	2.6%	1,382,000	2.6%	1,382,000	2.6%
Health and Social Care - Public Health	602,000	4.4%	602,000	4.4%	602,000	4.4%
Housing	179,000	3.3%	179,000	3.3%	179,000	3.3%
Planning Regeneration and Economic Development	928,000	11.7%	928,000	11.7%	928,000	11.7%
Resources	961,400	3.0%	961,400	3.0%	961,400	3.0%
Traffic and Transportation	330,000	2.5%	330,000	2.5%	330,000	2.5%
Other Savings	3,645,000	52.2%	3,645,000	52.2%	3,645,000	52.2%
Grand Total	**9,000,000**	**4.70%**	**9,000,000**	**4.70%**	**9,000,000**	**4.70%**