

Financial Strategy 2015/16 to 2017/18

Report by Gary Fairley, Head of Finance and Integrated Service Support.

1 Purpose of Report

This report provides Council with a further update on the delivery of the Financial Strategy approved by Council on 4 February 2014.

It includes:-

- An update on Scottish Government Grant Settlements;
- An update on the budget projections for 2015/16 to 2017/18;
- A recommendation to continue the Council Tax freeze for a further year, maintaining the Band D Council Tax at £1,210 ;
- An update on delivery of the strands of the Financial Strategy, including the Transformation Programme;
- Recommendations in respect of budget savings proposals;
- An update on reserves.
- A recommendation to earmark reserves to promote and capitalise on Borders Railway.

2 Background

As previously reported the core objective of the Financial Strategy is to secure the Council's continued financial sustainability during what is expected to be an ongoing period of financial constraint for the Public Sector. Whilst the Financial Strategy encompasses the period to 2017/18 the prospects for later years remain challenging with an extended period of financial constraint expected to continue well into the next decade.

Fiscal Affairs Scotland in its recent analysis of the long term prospects for the funding of Scottish public services stated *"For the first decade of devolution public services in Scotland benefitted from unusually large annual increases in the level of funds available. This feast turned into a famine in the devolved Parliament's second decade, with budgets seeing year-on-year cuts on an unprecedented scale. At present we are only half way through this period of rapid adjustment. Future cuts, coming as they do on top of already deep retrenchment of budgets, and being concentrated on day-to-day spending rather than on investment, may be even harder to manage than in the past."*

In addition in their initial analysis of the 2014 UK autumn statement they state *"UK public service budgets face another five years (at least) of cuts on top of the five years already experienced. Furthermore, and contrary to what The UK government has implied, the cuts to come are of a greater magnitude than those already experienced"*.

These statements are a further reinforcement of the message in previous Financial Strategy reports that Midlothian, in common with all Councils, will need to reposition itself through the withdrawal and dilution of services and by having a greater emphasis on targeting available resources to those in the community who are the most disadvantaged and vulnerable.

The Financial Strategy provide a means to secure financial sustainability, incorporating the actions the Council will take to address predicted budget shortfalls and at the same time prioritise available resources to focus these on the delivery of the Council's priority outcomes of Early Years, Positive Destinations and Economic Growth and its priority communities.

3 Scottish Government Grant Settlement

The Scottish Government's spending plans for 2015/16 were published on 9 October 2014 and set out spending for Local Government at a national level. As previously reported Local Government will receive revenue funding (including Non Domestic Rates) of £9,895 million. This is close to flat in cash terms when compared on a like for like basis with the current year totals. The national figures are however approximately £200 million higher than what was proposed for this year's budget which principally reflects the extra funding for free primary school meals and early years provision.

An updated Finance Circular setting out individual Council figures for 2015/16 is expected to be published on 11 December 2014. It is anticipated that the grant settlement for Midlothian will be uplifted from the indicative allocations contained in Finance Circular 6/2014 published in July 2014 to reflect the additional resources distributed in the current year, including free school meals, early years provision and the distribution of resources agreed at the last COSLA leaders meeting on 21 November 2014, namely:-

- The Through care/Aftercare, Kinship Care, Changed eligibility for aftercare and Continuing Care provisions in the Children and Young People Act;
- Discretionary housing payment funding;
- Smarter Choices Smarter Places funding;
- Self-directed support funding.

The distribution of resource for The Scottish Welfare Fund and also The Council Tax Reduction Scheme are not expected to be set out in this Finance Circular, but will be included in next Finance Circular expected in the New Year.

Publication of the December 2014 Circular will allow grant figures to be updated and also enable the revenue budget provisions required to deliver the new service burdens to be finalised. Members should note that the initial assessments indicate that the cost to Midlothian of delivering some of the new service burdens, particularly free school meals, are anticipated to be less than the resources

distributed by Government. A final service by service budget statement for 2015/16 will be presented to Council on 10 February 2015 reflecting the final grant settlement and including updated costs associated with new burdens.

As previously reported The Scottish Budget sets out the conditions attached to the Local Government settlement which are as follows “ *For 2015-16 each local authority will require to agree formally to work with the Scottish Government to deliver a council tax freeze for the eighth consecutive year. Agreement has also been reached that the Scottish Government and Local Government will work in an inclusive process with others towards reaching an in-principle agreement to an educational outcomes-based approach subject to the completion of work which is satisfactory to both parties. This first phase of this work will be completed by 1 March 2015. In addition, local government will work with their NHS partners to work towards the full integration of Adult Health and Social Care.*”

The grant settlement figures for 2015/16 include £1.154 million which is conditional on Council agreeing continuation of the Council Tax freeze.

For later years the Financial Strategy continues to assume a 1% reduction in central government grant support in both 2016/17 and 2017/18.

4 Council Tax

The position remains as previously reported to Council.

The budget projections are based on a continuing Council Tax freeze (a condition of The Scottish Government Grant Settlement) with Band D Council Tax remaining at £1,210. The Council Tax income detailed in table 1 reflects the additional income from an increase in the number of properties. Appendix 1 sets out the Council Tax levels for 2014/15.

5 Cost of Services

Table 1 provides an update on the projected costs of providing services for the period to March 2018 and incorporates significant changes since the last report to Council on 4 November 2014.

The projections are based on a number of assumptions on cost and income over the period as such it is inevitable that these projections will change. Work will continue to review and update the projections and assess the implications of any changes over the period covered by the Financial Strategy.

The key assumptions reflected in the budget projections include:

Inflationary and Other Cost Pressures on existing Service Costs:-

- The assumption for pay awards provides for 1.5% in each of the years together with contractual inflation on other costs;

- An additional provision of £0.560 million per annum for inflationary uplifts within Adult Social Care, £0.327 million arising from the retendering of Care at Home contracts, £0.126 million arising from Free Personal Nursing Care uplift and £0.107 million from the National Care Home Contract uplift;
- An additional provision of £0.250 million per annum arising from changes to charging in respect of support for carers;
- A provision of £0.300 million per annum for the uplift associated with holiday pay payments;
- A provision for increased national insurance costs as a result of the Public Services Pensions Act 2013. Current estimates are an increased cost for the Council from 2016/17 of £2 million per annum, with no compensating increase in central government funding;
- The Chancellor's Autumn Statement on 3 December 2014 signalled an increase in the employer's contributions for Teachers pensions which is understood will be effective from September 2015. Advice received from COSLA on 5 December 2014 indicates that Scottish Government have stated that they estimate that the employer's contribution rates will rise from the current 14.9% to 17.3%. Nationally this equates to an additional cost of £34 million in 2015/16 and around £58 million a year thereafter. A provision of £0.417 million has been included for 2015/16 rising to £0.820 million annually thereafter on the assumption that there is no additional Government funding;
- Borrowing costs have been updated to reflect both the latest General Services Capital Plan as reported elsewhere on today's agenda and a reassessment of future borrowing costs. This results in a reduction from previous projections of £1.6 million in each of the years.
- The introduction of food waste collection from 2015.

Demographic Cost Pressures

- A provision for additional adult social care services demographic cost pressures of £1.1 million per annum;
- A revised provision for increasing school rolls of £0.650 million in 2015/16 (previously £0.405 million), a further £0.407 million in 2016/17 and £0.400 million in 2017/18.

Other Movements

- A projected increase in Planning Application and Building Control Fees of £0.200 million per annum, equating to an additional £0.600 million by 2017/18. This reflects the projected increase housing building and other economic activity in the County;
- The projected shortfall of £0.505 million in the current procurement savings has also been carried forward into 2015/16 to 2017/18.

As indicated earlier the Finance Circular expected on 11 December 2014 will allow the Government Grant figures to be updated and also facilitate the finalisation of the revenues budget provisions associated with the additional resources allocated since the previous Circular in July 2014.

The projected budget shortfall reflecting the above assumptions is detailed in table 1.

Table 1: Projected Budget Shortfalls 2015/16 to 2017/18 – 16 December 2014

	2015/16	2016/17	2017/18
	£m	£m	£m
Cost of Services	197.260	204.391	208.716
Less: Council Tax	40.000	40.500	41.000
Less: Scottish Government Grant	154.097	152.241	150.441
Budget Shortfall	3.163	11.650	17.275

In broad terms the shortfall arises for the following reasons:

Table 2: Analysis of Shortfalls – 16 December 2014

	2015/16	2016/17	2017/18
	£m	£m	£m
Opening Shortfall	-	3.163	11.650
Pay Inflation	1.645	1.771	1.797
Holiday Pay cost uplift	0.300	-	-
Contractual and other inflation	1.587	1.062	1.062
Adult Social Care Charging	0.250	-	-
Pensions Act	-	2.000	-
Teachers Pensions	0.417	0.403	-
Food Waste Collection	0.264	0.283	-
Demographics: Care	1.100	1.100	1.100
Demographics: School Rolls	0.650	0.407	0.400
Scottish Government Grant	(0.910)	1.856	1.800
Procurement savings carried forward	0.505	-	-
Planning and Building Control fees	(0.200)	(0.200)	(0.200)
Borrowing costs	(1.600)	-	-
Council Tax: Additional Income	(1.184)	(0.500)	(0.500)
Other Movements	0.339	0.305	0.166
Totals	3.163	11.650	17.275

The principal changes since the last report to Council on 04 November 2014 are attributable to the following:-

Table 3: Analysis of Shortfall – 4 November 2014 to 16 December 2014

	2015/16	2016/17	2017/18
	£m	£m	£m
4 November 2014	2.686	10.970	16.795
Planning and Building Control fees	(0.200)	(0.400)	(0.600)
Adult Social Care Inflationary uplifts	0.560	0.560	0.560
Adult Social Care Charging	0.250	0.250	0.250
Demographics: School Rolls	0.245	0.245	0.245
Holiday Pay Uplift	0.300	0.300	0.300
Teachers Pensions	0.417	0.820	0.820
Borrowing Costs	(1.600)	(1.600)	(1.600)
Procurement savings carried forward	0.505	0.505	0.505
16 December 2014	3.163	11.650	17.275

The projected shortfall of £17.275 million equates to approximately 8% of net revenue expenditure. As previously indicated significant elements of the budget are either fixed or are challenging to change for a number of reasons including:-

- Historic decisions, for example, loan charges and unitary charge contractual payments;
- Specific conditions, for example the maintenance of teacher numbers; and
- Growing demand for services through demographic pressures.

These elements account for approximately £114 million or 60% of current expenditure. The £17.275 million shortfall therefore principally falls on the remaining budgets and equates to an 18% reduction.

6 Financial Strategy

6.1 Overview

The approved Financial Strategy provides for the Council to take forward actions which fall into three categories:

- **Efficiencies:** Actions which aim to reduce costs of Council services without changing service levels as far as the public are concerned;
- **Investment:** Actions which aim to reduce the need for Council services or reduce the cost of services in future;
- **Retrenchment:** Actions which reduce the Council's role in terms of the services it provides and for whom it provides them.

These support the repositioning of services to ensure they have a greater emphasis on and achieve better outcomes for those most disadvantaged and vulnerable in the community.

6.2 Transformation Programme

The Transformation Programme is central to the delivery of the Financial Strategy, delivering both efficiencies and transformational change in service provision. In addition to ongoing work on Procurement and Integrated Service Support the current Transformation Programme includes:

- Energy;
- Customer Service;
- Income Maximisation;
- Education;
- Services to Communities;
- Externalisation/In-sourcing;
- Children's Services;
- Integrated Health and Social Care;
- School Catchments.

Although there are no savings targets attached to the Integration of Health and Social Care or School Catchments their inclusion in the Transformation Programme reflects the importance of these to future year's financial sustainability.

The latest assessment of the savings targets is set out in table 4 and represents a reduction of £0.009 million in 2015/16 rising to £0.400 in 2017/18 from the targets set out previously. This reflects an adjustment to the delivery timescale of the saving target for Services to Communities Review and a correction to the Energy strand saving for 2015/16.

The assessment of the revised targets is derived from the ongoing work to deliver the programme. As previously reported work continues to substantiate the targets for Income Maximisation and Externalisation/In-sourcing and as such these targets for these remain indicative. Otherwise the savings targets have a greater degree of confidence of delivery, recognising however that ultimately the achievement of the savings will be dependent on decisions taken by Council.

Table 4: Council Transformation Programme – 16 December 2014

	2015/16	2016/17	2017/18
	£m	£m	£m
Integrated Service Support	0.750	1.500	1.500
Energy	0.151	0.217	0.217
Customer Service	0.000	0.175	0.350
Income Maximisation	0.075	0.150	0.150
Education	0.150	0.300	0.300
Services to Communities	0.050	0.300	0.950
Externalisation/In-sourcing	0.000	0.500	1.000
Children's Services	0.350	0.700	0.700
Totals	1.526	3.842	5.167

Further details are set out in the Council Transformation Programme update report to Business Transformation Steering Group on 17 November 2014.

6.3 Workforce Strategy

There are three main elements of the Workforce Strategy strand

- Management Review;
- VSER;
- Workforce Planning.

Management Review

The savings arising from the Management Review approved by Council on 13 May 2014 remain as reported to Council on 23 September 2014.

VSER

The financial implications of VSER remain as reported to Council on 23 September 2014.

Workforce Planning

An effective workforce strategy supports the delivery of services by linking workforce planning and development requirements to the Council's strategic and service priorities. Following on from the management review and taking cognisance of the VSER scheme each service is working to develop workforce plans alongside the review staffing establishments.

As the elements of the workforce strategy are developed and financial implications quantified they will be fully reflected in the Financial Strategy.

6.4 Local Government Staff Pay, Grading and Terms and Conditions

The position remains as reported to Council on 23 September 2014.

6.5 Asset Management

The position remains as reported to Council on 23 September 2014.

6.6 Procurement

The Council has made significant progress since 2010 in developing its procurement arrangements and securing savings through effective procurement and contract management.

Council procures goods and services to a value of approximately £70 million per annum for which there continues to be inflationary and other pressures from suppliers which limit the extent to which cashable savings can be secured from contracts when they are renewed. It is anticipated that the tendering of contracts under the existing Contract Delivery Plan will secure further procurement savings against the savings target carried forward into 2015/16 to 2017/18 of £0.505 million. A new Contract Delivery Plan is also being prepared which will place greater emphasis on more clearly defining the specification of goods and services which services procure and also strengthened contract management as a means to secure further cashable efficiencies.

6.7 Borrowing Costs

The projected budget shortfall set out earlier in table 1 reflects the General Services Capital Plan Strategy approved by Council and will be updated to reflect the latest General Services Capital plan for 2015/16 to 2017/18.

6.8 Service Reviews

The position reflects the decision of Cabinet on 18 November 2014 in respect of additional Council HMO (House of Multiple Occupation) accommodation proposed at Midfield House and Pentland House. This is projected to reduce the budget required for homeless provision by £0.219 million in 2015/16 rising to £0.328 million per annum thereafter.

6.9 Efficiency and Financial Discipline

The efficiency and financial discipline savings targets recognised the need for all Services to exercise strong financial discipline, improve productivity and demonstrate efficiency ensuring costs are controlled, unnecessary expenditure ceased and ensuring clearly defined accountability for expenditure commitments.

The first phase of this strand encompassed a review of existing budgets provisions to assess where they could be reduced in the current and future years as a consequence of the under spend achieved in 2013/14. As reported on 4 November 2014 this work identified that financial discipline savings totalling £0.571 million could be achieved without any detrimental impact on service provision. In addition officers have identified operational savings as summarised in appendix 2 which total £0.284 million in 2015/16 rising to £0.341 million in 2017/18. Incorporating these leaves a remaining efficiency target of £0.738 million from the £1.650 million previously incorporated in the Financial Strategy. Work continues to be progressed through Strategic Leadership Group to secure further operational efficiencies.

6.10 Budget Savings Proposals

Officers submitted final savings proposals which would impact on 2015/16 through 2017/18 to a special meeting of the Business Transformation Steering Group (BTSG) on 1 December 2014. These proposals were endorsed by BTSG and are set out in appendix 3 for Council consideration. In summary they total £0.599 million in 2014/15 rising to £2.475 million in 2017/18.

6.11 Summary of Financial Strategy

The latest projections of the impact of the various strands of the Financial Strategy are as follows.

Table 6: Financial Strategy 2015/16 to 2017/18 – 16 December 2014

	2015/16 £m	2016/17 £m	2017/18 £m
Budget Shortfall	3.163	11.650	17.275
Less Strands:			
Transformation Programme (6.2)	1.526	3.842	5.167
Workforce Strategy (6.3)			
• Management Review	0.220	0.409	0.409
• VSER	1.026	0.933	0.844
Terms & Conditions (6.4)	-	-	-
Asset Management (6.5)	0.139	0.277	0.277
Procurement (6.7)	0.200	0.350	0.505
Service Reviews (6.8)	0.219	0.328	0.328
Efficiency/Financial Discipline(6.9)			
• Financial Discipline	0.571	0.571	0.571
• Operational Savings	0.284	0.341	0.341
• Remaining Efficiency Target	-	0.288	0.738
Budget Savings proposals (6.10)	0.599	2.088	2.475
Remaining Shortfall / (Surplus)	(1.621)	2.223	5.620

The work undertaken since the last report provides a greater degree of confidence of delivery of the transformational savings however it is stressed that ultimately the achievement of these savings will be dependent on decisions taken by Council.

There is projected to be a budget surplus in 2015/16 which will be transferred to the General Fund reserve. Council is recommended to earmark any surplus to partially offset the projected deficit in 2016/17. However as table 6 highlights there is a continuing challenge in later years with savings of £5.620 million required to address the 2017/18 budget shortfall.

6.12 Comprehensive Service Review Programme

Officers propose that a Comprehensive Service Review programme be developed as part of the Transformation Programme. This will focus on the securing continued and sustainable service improvement alongside the delivery of savings to address the 2016/17 and 2017/18 remaining shortfall and ensure longer term financial sustainability thus placing the Council in a strong position to meet the ongoing financial challenge. The service review programme will also have a key role in ensuring that resources are directed towards the priorities set out in the Midlothian Single Plan.

7 Governance and Timeline

Each element of the Financial Strategy continues to have clear governance in place to ensure the timely delivery of the work stream, with proposals being reported through Business Transformation Steering Group and then to Council as appropriate.

The timetable outlined in previous Financial Strategy reports provided budget decisions for financial year 2015/16 to be agreed by Council today, for Council to determine Council Tax levels for 2015/16 and for updated projections and indicative budgets to be set out for later years. In addition a final service by service budget statement for 2015/16 will be presented to Council on 10 February 2015, reflecting the final Finance Circular for the year.

Members are reminded that Council has a duty as set out in Section 93 of the Local Government Finance Act 1992 (as amended) to set its Council Tax and a balanced budget for the following financial year commencing 1 April by 11 March.

Members are also reminded that in terms of Section 112 of the Local Government Finance Act 1992 (as amended) it is an offence to participate in any vote in respect of setting Council Tax where the member has unpaid Council Tax. Members are required to disclose the fact this section of the act applies to them and not vote on any question with respect to the matter.

8 Focussing Resources to Key Priorities

As previously reported the Financial Strategy is designed to ensure that available resources are as far as possible targeted on delivery improved outcomes, particularly against the key priorities of Early Years, Positive Destinations and Economic Growth. The Midlothian Community Planning Partnership is working collectively to prioritise the available resources towards the delivery of the partnerships key priorities and the Financial Strategy sets out for partners the parameters the Council is working within and provides a means to better facilitate the sharing of budget and resource planning information. The Service review programme will also have a key role in ensuring that resources are directed towards the priorities set out in the Midlothian Single Plan and will be developed alongside Service plans for the coming year.

9 Reserves

The latest projection of useable reserves at 31 March 2015 reflecting the projected reported elsewhere on today's agenda are as follows:-

Table 8 –Useable Reserves – 31 March 2015

	Total £m	Uncommitted £m
General Fund Reserve	11.064	7.497
HRA Balance	21.505	8.039
Capital Fund	14.817	8.817
Repairs and Renewal Reserve	2.553	0.000
Total Useable Reserves	49.939	24.353

It is necessary for the Council to retain reserves to meet unplanned or unforeseen costs. In terms of the General Fund Council agreed on 4 February 2014 that a prudent level of general reserve be around £8.000 million or 4% of net expenditure.

Council considered a report on 4 November 2014 which outlined the arrangements by Council to recognise and capitalise on the establishment of the Borders Railway. The Borders Railway is central to economic development and therefore to one of our three priorities 'economic growth and business support'. It also will help regenerate the eastern side of Midlothian where all three of our priority communities lie.

The Scottish Government has made £10 million of capital funding available to support projects in relation to the Borders Railway. In this respect officers are seeking clarity on the conditions associated with this funding support, including any need for match funding and assessing how Midlothian can access and make best use of a share of the funding. The resources currently set aside for Midlothian to promote and capitalise on the Borders Railway are in the region of £5,000 a position which is insufficient given the importance of this project to Midlothian.

It is therefore proposed to earmark a one of sum of £0.250 million from the General Fund reserve to put Midlothian in as strong as possible a position to promote and capitalise on the Borders Railway, taking advantage of the opportunity that the railway provides whilst demonstrating our commitment to the project.

The uncommitted balance on Capital Fund reflects the decisions of Council on 4 February 2014 and is retained to provide for unforeseen capital expenditure and to provide flexibility between financial years, its utilisation is subject to annual review.

Repairs and Renewal Reserves are fully committed. An update on the position with the HRA Balance is encompassed in a separate report on today's agenda.

10 Report Implications

10.1 Resources

Whilst this report deals with financial issues there are no financial implications arising directly from it.

10.2 Risk

Within any financial plan there are a number of inherent assumptions in arriving at figures and budget provisions, and therefore risks that may be faced if costs change or new pressures emerge. The following key risks and issues are highlighted in the context of this report:

- Impact of economic climate on range of factors including: inflation, interest rates, employment, tax and income levels, service demands;
- Outstanding pay award settlements;
- Decision by Scottish Government on future years grant settlements and grant distribution;
- Extreme weather events (or other unforeseen events) and provision for immediate response as well as longer-term implications;
- Cost pressures exceeding budget estimates;
- Non-delivery or late delivery of planned savings, including those arising from reductions in the staffing establishment;
- Impact of Welfare Reform and Pension changes;
- The costs of implementation of national policies varying from the resources provided by Government; and
- Capital investment requirements and associated cost.

The Financial Strategy aims to mitigate a number of these risks by setting out forward plans, and the early identification of future saving proposals. Alongside this the Mi-Future programme has been designed and implemented to increase flexibility across the workforce.

10.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☒ Business transformation and Best Value
- ☐ None of the above

10.4 Impact on Performance and Outcomes

The Financial Strategy is at the heart of the way Council allocates and uses its limited resources and as such has fundamental implications for service performance and outcomes. The budget projections indicate that in 2017/18 the Council will have available in the region of £191 million for the provision of services and the pursuit of the priorities set out in the Single Midlothian Plan.

10.5 Adopting a Preventative Approach

Whilst the proposals in this report do not directly impact on the adoption of a preventative approach, an effective Financial Strategy in turn allows resources to be prioritised to support prevention.

10.6 Involving Communities and Other Stakeholders

Any proposed changes in the staffing establishment arising from the elements of the Financial Strategy or Transformation programme will be subject to meaningful consultation in accordance with the Council's Human Resources policies.

As the various elements of the Financial Strategy are developed and proposals emerge there will be meaningful consultation and engagement with those on who the proposals may impact.

10.7 Ensuring Equalities

There are no equality implications arising directly from this report. As part of the development of budget proposals EQIA's have been prepared together with the overarching EQIA encompassing the revenue budget which is attached at Appendix 4.

10.8 Supporting Sustainable Development

There are no direct sustainability issues arising from this report.

10.9 IT Issues

There are no direct IT implications arising from this report.

11 Summary

The report provides:-

- An update on Scottish Government Grant Settlements;
- An update on the budget projections for 2015/16 to 2017/18;
- A recommendation to continue the Council Tax freeze for a further year, maintaining the Band D Council Tax at £1,210 ;
- Recommendations for Budget Savings proposals;
- An update on delivery of the strands of the Financial Strategy, including the Transformation Programme;
- An update on reserves;
- A recommendation to earmark reserves to promote and capitalise on the Borders Railway.

12 Recommendations

Council is recommended to;

- a) Note the assumptions which underpin the Financial Strategy as set out in section 5;
- b) Approve a Council Tax freeze with a Band D Council Tax of £1,210 as set out in appendix 1;
- c) Note the operational savings summarised in appendix 2;
- d) Consider and approve the savings proposals set out in appendix 3;
- e) Agree to receive a service by service budget statement, reflecting the grant settlement, and agree the final 2015/16 budget on 10 February 2015;
- f) Subject to recommendations b) and d) earmark any surplus in 2015/16 to partially offset the projected budget shortfall for 2016/17;
- g) Earmark £0.250 million of the projected General Fund reserve to promote and capitalise on the Borders Railway and delegate authority on the use of these resources to the Chief Executive in conjunction with the Leader of the Council and Cabinet Portfolio Holder for Economic Development; and
- h) Note the remaining projected budget shortfall for 2017/18 of £5.620 million and endorse the proposals for a Comprehensive Service Review Programme as part of the Transformation Programme and request the Chief Executive to report back on progress with the development of the programme through Business Transformation Steering Group.

Date 09 December 2014

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Background Papers:

APPENDIX 1**MIDLOTHIAN COUNCIL****Council Tax for Financial Year 2015/16**

This statement gives details of the 2015/16 Council Tax payable in respect of a chargeable dwelling in each of the valuation bands specified in Section 74(2) of the Local Government Finance Act 1992 determined in accordance with Section 74(1) of the Act **Based on Band D Council Tax of £1,210.**

Band	Range of Values		Band D Proportion	Council Tax £
	From £	To £		
A	-	27,000	6/9	806.67
B	27,001	35,000	7/9	941.11
C	35,001	45,000	8/9	1,075.56
D	45,001	58,000	9/9	1,210.00
E	58,001	80,000	11/9	1,478.89
F	80,001	106,000	13/9	1,747.78
G	106,001	212,000	15/9	2,016.67
H	212,001	upward	18/9	2,420.00

Appendix 2

Operational Savings Proposals

Adult Social Care		£m
Review of staffing establishment in Adult Social Care		0.214
Total Adult Social Care		0.214

Property & Facilities Management		£m
Review of staffing establishment in Property Maintenance		0.081
Review of staffing establishment in Facilities Services		0.020
Review of staffing establishment in Sports Development		0.026
Totals Property & Facilities Management		0.127

Budget Savings Proposals	2015-16	2016-17	2017-18	Total
	£m	£m	£m	£m
Adult and Social Care	0.214	0.214	0.214	0.214
Property & Facilities Management	0.070	0.127	0.127	0.127
TOTALS	0.284	0.341	0.341	0.341

