

Financial Strategy 2016/17 to 2020/21**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 Financial Strategy 2016/17 to 2020/21, specifically the 2016/17 budget position.

It includes:-

- An update on the 2016/17 Scottish Government grant settlement;
- The latest budget projections for 2016/17;
- A recommendation to consider Council Tax levels for 2016/17;
- An update on the other strands of the Financial Strategy, Delivering Excellence and the Transformation Programme;
- An update in respect of budget savings proposals;
- An update on reserves.

2 Background

A report setting out the Financial Strategy for 2016/17 to 2020/21 was considered and approved by Council on 22 September 2015, with an update reported on 15 December 2015. Today's update focuses specifically on the 2016/17 budget following the publication on 16 December 2015 of the Scottish Government's 2016/17 budget and proposed grant settlement.

The reduction in grant funding for 2016/17 reinforces the importance of the Financial Strategy and of its core objective of securing the Council's continued financial sustainability during what is and will continue to be an extended period of significant financial constraint coupled with increasing service demands and increasing customer expectations.

3 Scottish Government Grant Settlement

The Scottish Government's draft budget for 2016/17 together with details of the proposed local government grant settlement was published on 16 December 2015. The proposed grant settlement was subsequently amended on 24 December 2015, with further amendments made on 13 January 2016. The latest version of finance circular 7/2015 sets out the total revenue funding proposed for local government together with the individual grant allocations for each council. In total local government will receive £9,693.431 million which represents a year on year reduction of 3.31%.

The proposed settlement for Midlothian is £149.830 million with an additional £1.686 million of unallocated monies anticipated to be distributed at a later point in time bringing the total expected grant funding for 2016/17 to £151.516 million. This is £3.480 million less than previously incorporated in the budget projections.

Alongside the publication of the Scottish Government's budget, the Deputy First Minister wrote to the COSLA President, copied to all Council Leaders, confirming the package of measures that make up the settlement to be provided to local government in return for the provisional funding allocations set out in the circular. The letter proposed further discussions to consider the approach to implementing the measures set out in the budget including agreement on the scale and retention of cashable efficiency savings for local authorities' contributions for social care to the health and social care partnerships.

On 27 January 2016, following the conclusion of these discussions, the Deputy First Minister wrote again to the COSLA President, copied to all Council Leaders confirming the final details of the Local Government Finance Settlement for 2016/17. A copy of this letter is enclosed as appendix 1. The letter invites local authorities to agree the terms of the settlement and requires those Council Leaders who intend to take up the offer and agree the full package of measures to write setting out their position, including on Council Tax no later than 9 February 2016.

The Deputy First Minister's letter confirms that in order to access all of the funding involved, of £408 million, local authorities must agree to deliver all of the measures and will not be able to select elements from the package. The measures are set out in full in appendix 1 and are summarised below:-

- £250 million will be provided from the health budget to integration authorities in 2016/17 for social care. £125 million is provided to support additional spend, including making progress on charging thresholds for all non-residential services. £125 million is provided to help meet a range of existing costs faced by local authorities. This includes delivering the Living Wage of £8.25 per hour for all social care workers from 1 October 2016.
- The protection of teacher numbers. The measure for implementation of this target will be the maintenance at a national level of the pupil teacher ratio at a value of 13.7.
- To continue the Council Tax freeze for a ninth consecutive year.

Any council that does not sign up to the complete package will not receive their share of the integration funding of £250 million (£3.600 million), support for teachers of £88 million (£1.550 million) and the Council Tax freeze support of £70 million (£1.154 million). For Midlothian this amounts to £6.304 million.

The Deputy First Minister's letter also advises that where a council signs up and then does not deliver on any of the specific commitments the government reserve the right to take action to remove access to or recover that element of additional funding support.

In terms of Council Tax on its own, the conditions attached to the settlement are such that an increase of approximately 16% (equivalent to £194 per annum for a Band D property) would be required to offset the loss of government grant. In view of the conditions attached to the Grant Settlement it is recommended that Council maintain the Band D Council Tax for 2016/17 at the existing level of £1,210.

The Midlothian Integrated Joint Board's share of the £250 million is expected to be £3.600 million. Discussions with the Board's Chief Officer, Chief Financial Officer and NHS Lothian have resulted in a provisional agreement to utilise £1.800 million for additionality with the remainder contributing to cost pressures, including deliver of the Living Wage for Social Care staff from 1 October 2016, which are provided for in the revised budget shortfall. Fuller details of the proposed allocation of resources to the Integrated Joint Board will be set out in a Financial Assurance report which will be presented to the Special Council meeting called for 8 March 2016.

The expectation remains that the next Scottish Government will publish a three year budget in the autumn of 2016. Only at that point will there be clarity on the level of grant funding local government can expect for future years. Given the extent of the reduction in the 2016/17 grant, it is considered prudent to take a more pessimistic view on future year's settlements than incorporated in previous Financial Strategy reports. However given the timing and continued uncertainty on aspects of the 2016/17 settlement and the influence decisions on Income Tax and Local Taxation will have on the Scottish budget further work is required to assess the implications for the 2017/18 to 2020/21 budget projections and as such these will be reported to Council later in spring.

4 Council Tax

The budget projections set out later in this report are based on continuation of the Council Tax freeze with Band D Council Tax remaining at £1,210. They do however reflect the additional income from an increase in the number of properties. Appendix 2 sets out the Council Tax levels for 2016/17 based on a continuation of the freeze.

Whilst the Council has a statutory duty to set its Council Tax for the following financial year commencing 1 April, by 11 March it is recommended that Council sets Council Tax at today's meeting to allow the Council Tax billing to be progressed.

5 Cost of Services

Given the timing and uncertainty of the 2016/17 grant settlement attention has been focussed on updating the 2016/17 budget position given that Council has a statutory duty to determine the 2016/17 budget by 11 March 2016.

The projected budget shortfall for 2016/17 as set out in table 1 is based on the current cost of service provision for 2015/16 together with inflationary cost and other uplifts. It also provides for costs arising from the General Services Capital Plan, both by way of debt charges to finance borrowing costs and revenue implications of investment.

Table 2 provides the latest analysis of the principal year on year budget changes which reflects the following key assumptions and cost drivers. Table 3 provides a summary of the movements from the last report:

- In respect of pay the budget provides for the second year of the two year pay deal. This includes a commitment for the minimum hourly rate from April 2016 to the 2015 Living Wage of £8.25 plus 1%, which equates to £8.33 per hour. The budget also includes a provision to fund costs arising from the ongoing Review of Local Government Pay and Grading;
- The impact of Pension Reform and anticipated changes in the Council's contribution towards employee pensions;
- Incremental pay progression;
- Contractual inflation linked to existing contractual conditions, many of which mirror pay inflation assumptions;
- Actual and projected forward purchasing prices for energy costs;
- Anticipated impact of contracts due for renewal during the period;
- Impact of current demand for services;
- Demographic impact of future demand for services;
- Future interest rate forecasts provided by the Council's Treasury Advisers;
- An updated assessment of the resources required in respect of Free School Meals and The Children and Young People (Scotland) Act 2014 based on actual and planned expenditure;
- Any new government policy requiring budgetary growth will be fully funded through increased Scottish Government grant, including the any amendment to the Education Bill to legislate for 25 hours of primary teacher class contact time;
- Council Tax income continues to grow in line with previous trends and planned future housing growth.

The latest projected budget shortfall reflecting the assumptions set out in sections 3 to 5 is as follows:-

Table 1: Budget Shortfall 2016/17 – 9 February 2016

	2016/17
	£m
Cost of Services	199.747
Less: Council Tax	(40.600)
Less: Scottish Government Grant	(151.516)
Budget Shortfall	7.631

As Council is aware, 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 teacher pupil ratio; and
- Growing demand for services through demographic pressures.

In broad terms the budget shortfalls set out in table 1 arise for the following reasons:

Table 2: Analysis of Shortfall – 9 February 2016

	2016/17
	£m
Opening Shortfall / (surplus)	(2.844)
Pay Inflation and Progression	2.882
Pensions Reform	2.041
Contractual Inflation	0.713
Demographics: Care	1.060
Demographics: School Rolls	1.937
Demand pressures: Children	0.500
School Estate Investment	0.520
Waste Disposal Costs	0.171
Borrowing Costs	(0.511)
Food Waste Collection	0.302
Scottish Government Grant	2.900
Council Tax Income	(0.600)
Financial Discipline	(0.416)
Decriminalised Parking and Traffic Wardens	0.112
Home to School Transport Service Demand	0.157
Re-profiling of Homeless service re-provision	0.108
Share of £250m for Social Care	(1.700)
Other Changes	0.299
Total	7.631

Table 3: Analysis of Changes since Last Report – 9 February 2016

	2016/17
	£m
Previous Reported Shortfall	4.950
Movements:	
Scottish Government Grant	2.900
Share of £250m for Social Care	(1.700)
Pay Inflation and Progression	(0.492)
Contractual Inflation	(0.300)
Demographics: Care	0.132
Demographics: Schools	1.349
Demographics: Children	0.112
Decriminalised parking and Traffic Wardens	0.112
Home to School Transport Service Demand	0.157
Re-profiling of Homeless service re-provision	0.108
Other Changes	0.303
Projected Shortfall	7.631

6 Financial Strategy

6.1 Delivering Excellence

The Delivering Excellence framework approved by Council on 23 June 2015 supports 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. The framework focuses on reshaping service delivery as the most sustainable way to address the financial and service challenges and maintain financial sustainability.

The framework sets out an approach that provides the means to:

- Realise savings of the scale and magnitude required and to continue to deliver high quality services by engaging staff, partners, stakeholders and citizens to determine the nature of service delivery, the level of service standards and the method of delivering these services;
- To perform successfully in this environment, the Council will require to forward plan for the period beyond known financial settlements, to prioritise the services to be delivered and to clearly identify those services which will no longer be funded or indeed provided or may be provided through alternative mechanisms or approaches; and
- To ensure that there is achievement of the outcomes and priorities of the Council and Community Planning Partners.

Actions which contribute to the Financial Strategy, particularly for later years will be developed through the framework.

6.2 Transformation Programme

The existing Transformation Programme is essential to the delivery of sustainable change and delivery of the Council's Financial Strategy. It remains a major focus with a continued drive towards delivering on the agreed outcomes and targets for programme which includes:

- Customer Service;
- Education;
- Services to Communities;
- Children's Services; and
- Integrated Service Support.

The savings targets incorporated in the Financial Strategy have been updated to reflect the current profile of savings.

Table 4: Council Transformation Programme Cumulative Additional Savings – 9 February 2016

	2016/17
	£m
Children's Services	0.224
Services to Communities	0.250
Education	0.473
Customer Service	0.175
Integrated Service Support	0.840
Totals	1.962

The savings targets set out in table 4 and are predicated on the outcomes of the reviews and any subsequent decisions taken by Council and so remain indicative.

6.3 Asset Management

The position remains as previously reported.

6.4 Efficiency and Financial Discipline

As reported on 15 December 2015 the Chief Executive had asked each Director to bring forward savings options for consideration. To date this has identified operational savings as summarised in appendix 3 which total £0.674 million in 2016/17 rising to £1.022 million in later years.

6.5 Budget Savings

Officers are continuing to develop savings proposals which would impact on the 2016/17 budget. Given the impact of the grant settlement and subsequent receipt of final proposals on 27 January 2016 it is considered prudent to delay determination of the budget. Accordingly, the Director Resources has called a Special meeting of the Council on 8 March 2016 to give consideration to savings proposals and to determine the Revenue Budget for 2016/17. The savings proposals will be reported to the meeting of the Business Transformation Steering Group (BTSG) on 22 February 2016 for its consideration before the Special meeting of Council.

6.6 Summary of Financial Strategy

The final projections incorporating impact of the various strands of the Financial Strategy are as follows in table 5. A service by service analysis of the 2016/17 draft budget is attached as appendix 3.

Table 5: Financial Strategy 2016/17 – 9 February 2016

	2016/17
	£m
Budget Shortfall (Table 1)	7.631
Less Strands:	
Impact of 2015/16 approved savings	(0.987)
Transformation Programme (6.2)	(1.962)
Asset Management (6.3)	(0.135)
Operational Efficiency and Financial Discipline (6.4)	(0.674)
Remaining Budget Gap	3.873

On 16 December 2014 Council approved that any remaining budget gap for 2016/17 be offset from the budgeted surplus which would be transferred to reserves. At that time the anticipated remaining budget gap for 2016/17 was £2.223 million.

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 for budget decisions and Council Tax for financial year 2016/17 to be agreed by Council today and for updated projections and indicative budgets to be set out for later years.

As indicated earlier given the timing of the 2016/17 settlement further work is required to update the 2017/18 to 2020/21 budget projections and these will be reported to Council later in the year.

To facilitate Council Tax billing for 2016/17 it is recommended that Council set a Council Tax for 2016/17 at today's meeting and that savings proposals and determination of the 2016/17 budget are considered at the Special Council meeting on 8 March 2016. This enables members to meet the statutory 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.

Furthermore in terms of governance, 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

The Financial Strategy is designed to ensure that available resources are as far as possible targeted on delivery of improved outcomes, particularly against the key priorities of Early Years, Positive Destinations and Economic Growth. The Midlothian Community Planning Partnership continues 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 Delivering Excellence framework and Transformation Programme have a key role in ensuring that resources are directed towards the priorities set out in the Midlothian Single Plan.

9 Reserves

The latest projection of useable reserves as at 31 March 2016 as reported elsewhere on today's agenda are as follows:-

Table 6: Useable Reserves – 31 March 2016

	Total	Uncommitted
	£m	£m
General Fund Reserve	18.117	13.134
HRA Balance	24.520	2.224
Capital Fund	19.170	19.170
Repairs and Renewal Reserve	3.000	0.000
Total Useable Reserves	64.807	34.528

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. Whilst the General Reserve exceeds this level the financial pressures facing the Council will require utilisation of reserves to balance budgets in the short term and to allow investment in areas where longer-term savings can be achieved. There will also be substantial one-off costs associated with further staff release and the reserve may also be required as a buffer to offset the risks associated with slippage in savings plans.

The uncommitted balance on Capital Fund is retained to provide for unforeseen capital expenditure and to provide flexibility between financial years, its utilisation is subject to annual review.

The repairs and renewal reserve is 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 projections, 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 and future years financial prospects;

- The delivery of the conditions attached to the 2016/17 grant settlement;
- The resource implications associated with charging thresholds for non residential Social Care services;
- Decision by Scottish Government on future years grant settlements and grant distribution;
- The next Scottish Governments response to the commission on Local Tax Reform;
- Non-delivery or late delivery of planned savings, including those arising from reductions in the staffing establishment;
- Future year pay award settlements and the implications of future years Living Wage increase;
- Impact of economic climate on range of factors including: inflation, interest rates, employment, tax and income levels, service demands;
- Cost pressures exceeding budget estimates;
- 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 the key assumptions on which forward plans are based, and through the Delivering Excellence framework setting out the early identification of future saving proposals.

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 central to the way Council allocates and uses its limited resources and as such has fundamental implications for service performance and outcomes. Earlier budget projections indicated that in 2020/21 the Council would have available in the region of £200 million for the provision of services and the pursuit of key outcomes as 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

The Delivering Excellence Community Engagement report approved by Council on 22 September 2015 set out proposals for engagement and consultation on the service and financial challenges Council faces and the options which will emerge to address these. This will be adapted to highlight the implications of the 2016/17 grant settlement on the Council budget and the measures taken to address this.

In addition, there continues to be engagement with the recognised Trade Unions on the Council's financial position and service challenges.

10.7 Ensuring Equalities

There are no equality implications arising directly from this report. As part of the development of budget proposals to be considered on 8 March 2016 each proposal which affects people will have an EQIA prepared together with the overarching EQIA encompassing the revenue budget.

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 the 2016/17 Scottish Government grant settlement;
- The latest budget projections for 2016/17;
- A recommendation to maintain a Band D Council Tax of £1,210 for 2016/17;
- An update on the other strands of the Financial Strategy, Delivering Excellence and the Transformation Programme;
- An update in respect of budget savings proposals;
- An update on reserves.

12 Recommendations

Council is recommended to:-

- a) Note the update in respect of the Scottish Government Grant Settlement as set out in section 3;
- b) In view of the conditions attached to the Grant Settlement set a Band D Council Tax of £1,210 as set out in appendix 2;
- c) Note the operational savings summarised in appendix 3;
- d) Note that, subject to recommendations b) and c) the remaining budget gap for 2016/17 is £3.873 million as summarised in section 6.6;
- e) Note that a further Financial Strategy update for 2016/17 will be reported to the Special Council meeting on 8 March 2016 and that a further update, setting out revised projections for 2017/18 to 2020/21 will be presented to Council in the spring.

Date 01 February 2015

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Copy to: The Leaders of all Scottish local authorities

27 January 2016

Dear David

I write now to confirm the final details of the Local Government Finance settlement for 2016-17, following the conclusion of our partnership discussions to consider the package of measures contained in my initial letter of 16 December 2015.

This funding package is focussed on delivery of our joint priorities to deliver sustainable economic growth, protect front-line services and support the most vulnerable in our society.

I have considered the representations made to me by COSLA and this is reflected in the detail of the settlement and the package of measures included in this letter. My aim throughout our extensive discussions has been to reach an agreement with councils around the implementation of these commitments. I invite local authorities to agree the terms of the settlement.

The measures set out in the settlement offer must be viewed as a package to protect shared priorities and intensify a journey of reform. In order to access all of the funding involved, of £408 million, local authorities must agree to deliver all of the measures set out below and will not be able to select elements of the package.

Integration Fund

The offer being made is that £250 million will be provided from the Health budget to integration authorities in 2016-17 for social care:

That of the £250 million, £125 million is provided to support additional spend on expanding social care to support the objectives of integration, including through making progress on charging thresholds for all non-residential services to address poverty. This additionality reflects the need to expand capacity to accommodate growth in demand for services as a consequence of demographic change.

That of the £250 million, £125 million is provided to help meet a range of existing costs faced by local authorities in the delivery of effective and high quality health and social care services in the context of reducing budgets. This includes our joint aspiration to deliver the Living Wage for all social care workers as a key step in improving the quality of social care. The allocation of this resource will enable councils to ensure that all social care workers including in the independent and third sectors are paid £8.25 an hour. This assumes that private and third sector providers will meet their share of the costs. The Government would prefer implementation on the 1 April but we accept COSLA's point that preparatory work will be required to ensure effective implementation. We therefore agree to an implementation date of 1 October. In 2016-17, Councils can allocate up to £125 million of their 2015-16 costs of providing social care services to Integrated Joint Boards including the uprating of staff to the Living Wage. This will ensure an overall benefit to the provision of health and social care of £250 million. To ensure transparency for the flow of funding support for local authorities and delivery of the Living Wage commitment the arrangements will be signed off at a local level by the appropriate Integration Authority Section 95 Officer.

Teacher Numbers

The Scottish Government has been consistent that the protection of teacher numbers is a central part of our priority to raise attainment. Following our discussions and the further representations COSLA has made, the Scottish Government have agreed that the measure for the implementation of that target, against a forecast that pupil numbers will increase over the coming academic year, will be the maintenance at a national level of the pupil teacher ratio.

The objective will be to maintain the pupil teacher ratio nationally at a value of 13.7 (the same level as in 2015) in local authority schools as shown in the Teacher and Pupil Census published in December 2016 and the teacher and probationer commitments in 2016-17. In order to support delivery, the Scottish Government will continue to monitor these commitments throughout the year.

Council Tax Freeze

The Scottish Government was elected on a commitment to freeze the council tax for the entirety of this Parliamentary session and is committed to delivering this policy. Many local authorities have a commitment to freeze the Council Tax over a similar timescale. Against the questions of the wider revenue-raising challenges raised in the Budget the Scottish Government believes that it is important to provide protection for household incomes in what has been a very financially challenging period for many households.

The Scottish Government has now received the report from the Commission on Local Tax Reform and the Government believes now is not the time to dispense with the protection the freeze offers. Looking ahead we will be bringing forward plans for reform of the present Council Tax, reflecting the principles of the report, and we are committed to working in partnership with local government on the implementation of that.

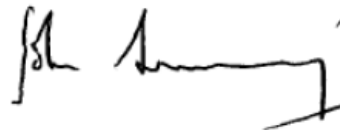
For 2016-17 individual local authorities will again require to agree to work with the Scottish Government to deliver a council tax freeze for the ninth consecutive year.

Any council that does not sign up to the complete package will not receive their share of the Integration Funding (£250 million), support for teachers (£88 million) and the council tax freeze support (£70 million). Should that be the case, steps will be taken to recover the latter two elements that have been distributed from the individual council's allocations in the local government finance settlement in-year.

If in the event, however, a council that does sign up then does not deliver any of the remaining specific commitments on council tax freeze, social care spend, including delivery of the £8.25 per hour Living Wage or national teacher targets then the Scottish Government reserves its position to take action to remove access to or recover that element of the additional funding support earmarked to deliver each of the remaining specific measures. In the case of pupil teacher ratio not being maintained nationally then the Scottish Government reserves its position to recover monies allocated to individual authorities whose pupil teacher ratio rises. This action will be proportionate and apply only to that element of the funding for a specific measure that a local authority subsequently does not deliver as set out in the paragraph above.

I will require those Council Leaders who intend to take up the offer and agree the full package of measures to write to me to set out their position, including on the council tax. Given that I am setting out changes to the proposals we previously discussed, I want to give local authorities every opportunity to consider these issues in full. Leaders should therefore provide their response to me by no later than Tuesday 9 February 2016.

I fully understand the pressures on budgets, which is being felt across the whole of the public sector, but I firmly believe that the funding proposals I have set out for local government protects our shared priorities and delivers practical financial support to intensify the pace of reform. I hope you and your fellow Council Leaders can agree that in the circumstances the proposals deliver a strong but challenging financial settlement. The key to addressing this challenge is reform and local government is a key partner in our programme to reform and improve public services.

A handwritten signature in black ink, appearing to read 'John Swinney', with a stylized flourish at the end.

JOHN SWINNEY

MIDLOTHIAN COUNCIL

Council Tax for Financial Year 2016/17

This statement gives details of the 2016/17 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	Council
	From	To	Proportion	Tax
	£	£		£
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 3

DIRECTORATE SUMMARY 2016/17 BUDGET OPERATIONAL SAVINGS

	INCREMENTAL				CUMULATIVE			
	2016/17 £m	2017/18 £m	2018/19 £m	TOTAL £m	2016/17 £m	2017/18 £m	2018/19 £m	TOTAL £m
EDUCATION, COMMUNITIES & ECONOMY								
Education	0.063	0.037	0.000	0.100	0.063	0.100	0.100	0.100
SUB TOTAL	0.063	0.037	0.000	0.100	0.063	0.100	0.100	0.100
HEALTH AND SOCIAL CARE								
Adult and Social Care	0.134	0.137	0.100	0.371	0.134	0.271	0.371	0.371
SUB TOTAL	0.134	0.137	0.100	0.371	0.134	0.271	0.371	0.371
RESOURCES								
Commercial Operations	0.115	0.000	0.000	0.115	0.115	0.115	0.115	0.115
Finance & ISS	0.213	0.074	0.000	0.287	0.213	0.287	0.287	0.287
Property & Facilities	0.149	0.000	0.000	0.149	0.149	0.149	0.149	0.149
SUB TOTAL	0.477	0.074	0.000	0.551	0.477	0.551	0.551	0.551
TOTAL	0.674	0.248	0.100	1.022	0.674	0.922	1.022	1.022

MIDLOTHIAN COUNCIL

Appendix
1

REVENUE BUDGET 2016/17 SUMMARY

Service Function	Budget 2016/17 £
Management and Members	1,640,852
<u>Education Communities and Economy</u>	
Children's Services	15,526,823
Communities and Economy	4,313,771
Education	81,941,322
<u>Health and Social Care</u>	
Adult Social Care	36,593,860
Customer and Housing Services	11,938,366
<u>Resources</u>	
Commercial Services	15,942,812
Finance and Integrated Service Support	12,932,455
Properties and Facilities Management	13,313,382
Lothian Valuation Joint Board	555,551
Centrally Held Budget Provisions	620,895
Non Distributable Costs	1,338,436
GENERAL FUND SERVICES NET EXPENDITURE	196,658,525
Loan Charges	7,143,639
Investment Income	(300,000)
Council Transformation Programme savings targets	(1,962,000)
Operational Savings	(674,000)
Allocations to HRA, Capital Account etc.	(4,877,164)
NET EXPENDITURE	195,989,000
Scottish Government Grant	151,516,000
Council Tax	40,600,000
TOTAL FUNDING	192,116,000
BUDGET GAP	3,873,000