

<b>Report to:</b>	Strategy and Resources Committee	<b>Date:</b>	17 July 2017
<b>Report title:</b>	Commissioning and Financial Planning 2018/19 to 2020/21		
<b>Report from:</b>	Gerald Almeroth, Strategic Director, Resources and Jessica Crowe, Assistant Director, Chief Executives Directorate - Customers, Commissioning and Governance		
<b>Ward/Areas affected:</b>	Borough Wide		
<b>Chair of Committee/Lead Member:</b>	Cllr Ruth Dombey, Leader of the Council and Cllr Simon Wales, Deputy Leader of the Council		
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<b>Corporate Plan Priorities:</b>	<ul style="list-style-type: none"> <li>• An Open Council</li> <li>• A Green Council</li> <li>• A Fair Council</li> <li>• A Smart Council</li> </ul>		
<b>Open/Exempt:</b>	Open		
<b>Signed:</b>		<b>Date:</b>	5 July 2017

## 1. Summary

- 1.1 This report provides an update on the Council's medium term financial position in order to inform the commissioning and financial planning round for 2018/19. It assesses the overall financial pressures facing the Council and key national, regional and local policy issues that the Council needs to consider in making its plans for the period. The report updates the medium term financial strategy reported to Full Council in March 2017, which outlined the need for further savings of £5.8m by 2019/20. Planning assumptions have been revised in this report and the planning horizon has been extended to 2020/21. The projected funding gap is now £2.2m in 2018/19 rising to £11.5m by 2020/21. The Smarter Council Programme remains the strategic approach to reshaping the Council for the future and progress with this programme is outlined in the report.
- 1.2 The budget gap arises largely from continued reductions in grant funding from central government, but also takes into account expected cost increases, demand pressures and unfunded or inadequately funded new responsibilities. The Council has a legal duty to set a balanced budget each year and therefore will need to find savings or additional income to balance this position. By March 2018 the Council will have bridged a cumulative annual budget gap of £70m since 2010.

## 2. Recommendations

The Strategy and Resources Committee is recommended to:

- 2.1 note the Medium Term Financial Forecast to 2020/21 summarised in Appendix A, showing a cumulative budget gap of £11.5m by 2020/21;
- 2.2 agree the initial savings options targets for Directorates, and;
- 2.3 adopt The Sutton Plan, attached as Appendix C, as a place-based public policy framework and to endorse the vision, priorities and work proposed for 2017-18 that have been developed and agreed with local partners.

## 3. Background

- 3.1 The Council agreed a three year financial forecast as part of the 2017/18 budget process covering the period to the end of 2019/20. This report updates the forecast to begin the commissioning and financial planning process for 2018/19 to 2020/21.

## 4. Policy Context

- 4.1 The nature of recent national political events will continue to influence and then determine the course of economic and social public policy in the medium term. The referendum to exit from the European Union and the recent general election result will provide challenges across all sectors and a period of relative uncertainty with the current government having a very small majority in Parliament only with an agreement with the Democratic Unionist Party (DUP).
- 4.2 The public policy landscape in London, as across England, remains complex and pressing, regardless of the national picture post-election. The ongoing growth agenda - encompassing economic development, housing, skills and employment support - remains paramount, as does the growing primacy of place: the need, across the sector, to shift towards outcome-based commissioning, preferably in partnership with other public service providers.
- 4.3 Intertwined with this is the continuing pressure to create genuinely local systems of health and social care that promote more rational models of joint-commissioning and early intervention in an attempt to stamp out the continuing prevalence of health inequalities. Added to these is the need and potential for more coherent services, moulded around the lives of residents and service users, and not vice versa.
- 4.4 Of particular interest over this period will be the need to grapple with and overcome the following issues within local government:
  - **Sustainable and affordable social care** - there is recognition that resources and capacity for social care are an important part of the whole health and social care system; and finding a

system that provides resources through charging for social care that is fair and equitable will be a challenge in this parliamentary term;

- **Local government finance** - the Local Government Finance Bill fell at the end of the last Parliament due to the calling of the early election, and with it the framework for the localisation of business rates. Although the localisation of rates has broad support within the sector, it appears to not be seen as being a priority for the government and there has been a signal that full devolution will not happen in this next term, however, the expected fair funding review and potential design of a redistribution of resources could potentially still be developed, and;
- **Growth, the industrial strategy and the end of austerity?** - Tied to the above, the development and promotion of local economic growth has been central government's main policy prescription since 2010, supplemented post-Brexit by the Industrial Strategy. The reappointment of Greg Clarke as Secretary of State for Business, Energy and Industrial Strategy suggests that the government intends to proceed with the Industrial Strategy for the life of the parliament. The Chancellor has indicated recently a softening of austerity in order to manage a difficult economy going into Brexit negotiations.

4.5 A full briefing on the 2017 Queen's Speech (including some additional, but relevant issues that were not covered in the speech) can be found in Appendix B.

#### *A City For All Londoners*

4.6 Turning to London, the Mayor of London published *A City For All Londoners* in October 2016, setting out the direction of travel for policies under his control and providing the context for his new London Plan, focusing on proposed lines of intervention and strategies regarding economic growth and housing; the environment, transport and public space; and an inclusive city for all Londoners.

#### **A CITY FOR ALL LONDONERS - SUTTON'S POLICY OBJECTIVES**

- **Better connections** - the Council remains committed to the Mayor's plan for London-wide 'metroisation' and proposals to improve accessibility to Sutton town centre.
- **The foundation of the London Cancer Hub** - this is a flagship project for Sutton, not to mention the city. The Council remains committed to working with the Mayor and other partners to secure the delivery of this important and much-needed development.
- **Housing for all** - the Council supports greater focus on new models of housing delivery (e.g. build to rent) that emphasise the need to house people as quickly as possible, and also welcomes the opportunity to explore ways of relating house prices to income.
- **One Planet Living** - the Mayor's push for zero carbon is closely aligned with Sutton's work as a One Planet Borough and our continued attempts to grow the green economy, promote better air quality and translating green principles into all aspects of public (and private) life.



4.7 The council will also continue to work as part of the **South London Partnership (SLP)**, in order to provide a sub-regional focus and impetus on good governance and economic growth. The SLP’s agreed priorities for the coming period are set out below:

- **Economic growth** - SLP is committed to bringing together businesses from key local sectors (e.g. tech, life sciences and sports sciences), with research and education providers and other partners to develop a programme of work to support economic growth. SLP’s goal is a sub-regional LEP with funding to support and attract inwards investment.
- **Skills for jobs** - SLP will continue to work towards the more rational commissioning of sub-regional skills provision in order to better meet business needs and strengthen the opportunities through education and learning into decent employment.
- **Making the links** - securing investment in transport infrastructure and improvements in services to address congestion, link workers to jobs and maximise the potential of the sub-region.
- **Making the best use of our space** - protecting and enhancing land for jobs, while securing affordable housing to support the sub-regional economy including through collaborating on opportunity areas as the focus for future development.

*The Sutton Plan*

4.8 As set out in the previous report, the Council is committed to working with public service, private sector and voluntary sector partners (‘The Sutton Plan Partners’) to set out and deliver a joint vision and plan for the borough’s future. The Sutton Plan was launched in April 2017, containing an agreed vision and set of principles that will help shape the council’s policy development (The Sutton Plan is appended as Appendix C).

<b>THE SUTTON PLAN - AT A GLANCE</b>
<p><i>Our shared vision</i></p> <ol style="list-style-type: none"> <li>1. A better quality of life and opportunity for all residents;</li> <li>2. Places underpinned by inclusive and sustainable growth; and</li> <li>3. A coherent system of health and care that is shaped around the needs of Sutton’s residents.</li> </ol> <p><i>Principles:</i></p> <ul style="list-style-type: none"> <li>● <b>Think Sutton first</b> - we will prioritise the needs of Sutton and its communities, rather than any single organisation, throughout our work as a partnership.</li> <li>● <b>Work across sectors</b> - we will build and sustain partnerships across all of the borough’s sectors.</li> </ul>



- **Get involved early** - we will tackle the causes of problems, not merely react to their symptoms.
- **Build stronger, self-sufficient communities** - we will help communities work together, and in partnership with other local organisations, to build and maintain strong social networks and opportunities for individuals and organisations to work together.
- **Provide coordinated, seamless services** - we will improve the way we work together behind the scenes to reduce the number of times people have to contact public services.

*Policy priorities:*

- Providing coherent, cross-partner support for **young families at risk of disadvantage** - with the aim of creating a more rational, single point service.
- Refocusing our energies on the victims and perpetrators of domestic violence.
- Building upon existing schemes to ensure that **lower income older people** live longer, more fulfilled and happy lives in the community.
- Working together to make the borough a more **attractive place to live, work and play for all age groups**, maximising on our potential for economic growth.

## 5. Commissioning Plan

- 5.1 Sutton Council's Commissioning Framework sets out the requirement to ensure that there is a Council-wide approach to commissioning that is consistently applied across the organisation. In order to understand and monitor commissioning activity across the organisation, a Council wide commissioning plan is monitored on a regular basis. The plan sets out how and when each service will go through a commissioning process over the current four year planning period (2017/18 to 2020/21). The Plan links each commissioning activity to the relevant corporate plan priority and scores the activity based on value, complexity and risk. Those high scoring commissioning activities are monitored through the Council's Commissioning Board which provides additional challenge and accountability for commissioning activity.
- 5.2 For each commissioning activity the board test the evidence base for the proposed commissioning activity including:
- national, regional and local policy drivers
  - analysis of current service performance
  - understanding of future need
  - best practice from elsewhere
  - what service user / resident engagement has taken place
  - that a full range of delivery options has been considered
  - commissioning activity has clearly identified outcomes
  - that Equality and Diversity and social value requirements have been considered.

5.3 Delivery of the Four Year plan will be overseen by the Commissioning Board going forward.

## **6. Medium Term Financial Strategy - Summary**

- 6.1 The commissioning and financial planning process for 2017/18 culminated in the approval of the plans and budget by Full Council in March 2017. The plans included a medium term financial forecast to 2019/20. This forecast has now been reviewed and updated.
- 6.2 The Council's major sources of revenue funding are through the settlement funding assessment (SFA - comprising revenue support grant, top up grant and retained business rates), other non-ringfenced grants, which may be used for any purpose (although some are nominally linked to specific expenditure programmes), specific grants (which must be used for the stated purpose) and council tax. During 2016/17 Sutton accepted the government's 'offer' of a three year financial settlement. This gives some certainty over elements of government funding up to 2019/20, but there is significant uncertainty in later years. The total funding through SFA is still on a downward trend and the forward projections take into account an estimated reduction in the revenue support grant element to £1.5m by 2020/21 (from the current £16.8m).
- 6.3 The government's previously stated intention was to change the local government financing system so that the revenue support grant is phased out, with funding for local government instead coming from 'full' business rate retention. As the total projected business rates receipts nationally exceed the planned local government funding through the SFA, it was intended that business rates funding was likely to also replace other existing grants (such as public health grant) and that further responsibilities would be passed to local government. Full devolution (from the current 50%) would continue to include some form of resource redistribution system (designed through the fair funding review) so that resources reflect local need in some way. There remains significant uncertainty about how the new system will affect Sutton, and the Government's focus on Brexit may mean delays in the implementation of the new system. The Local Government Finance Bill in progress before the General Election has not been included in the Queen's Speech for the new Parliamentary Session suggesting no intention to progress these proposals in the next two years and potentially in the next full Parliament period. The projections in this report are based on funding allocations already announced and an assumption that the revenue support grant will continue on its downward trend.
- 6.4 Expenditure is planned incrementally with the base budget rolled forward from year to year with adjustments to allow for the impact of inflation, additional expenditure reflecting the Council's policy priorities or unavoidable cost pressures and reductions for planned savings.

- 6.5 The projected funding gap for 2018/19 is now £2.2m, with further gaps in the following years resulting in a cumulative gap of £11.5m by 2020/21. This assumes all existing approved savings are delivered. This is set out in the table below.

<b>Projected Funding Gaps 2018/19 to 2020/21</b>				
	2018/19 over 2017/18 £m	2019/20 over 2018/19 £m	2020/21 over 2019/20 £m	Total  £m
Reported March 2017	3.6	2.2		5.8
Changes:				
Roll forward budget to 2019/20			8.7	8.7
Rephase/reduce Adult Transformation savings	1.2	1.4	(1.9)	0.7
Adults Social Care Grant Funding	(2.1)	1.0		(1.0)
Utilise new ASC funding	0.9	(0.9)		0
Revision to Inflation	(0.2)	(0.3)		(0.5)
Council Tax Base increase	(0.9)	(0.2)	(0.6)	(1.6)
Increase in Schools contribution to pension fund deficit	(0.3)	(0.2)	0	(0.5)
Revised funding gap	2.2	3.0	6.3	11.5

- 6.6 The cumulative funding gap assumes that the Council will utilise the option of a 2% council tax 'precept' for social care in 2018/19 and 2019/20, but no other council tax increases are assumed over the period. It takes into account £6.1m of savings in 2018/19 and £6.5m in 2019/20 already planned as set out in the report to Full Council in March. In order to balance the budget in 2020/21 additional savings of £11.5m will be required. A proposed allocation of the required savings by Directorate is set out on an indicative basis in paragraph 9.7.
- 6.7 The following sections set out how this projection has been developed, including the key assumptions that underpin each main component of the funding and net expenditure and the methodology for sharing the aggregate savings target across Directorates.

## **7. Medium Term Financial Strategy – Approach**

- 7.1 The projected funding gap will need to be filled by savings through reduced expenditure, generating additional income or by increasing funding. Reserves can be used in the short term and current plans include using £2m of reserves in 2018/19 to assist in balancing the budget. This is not a long term option as reserves will be depleted quickly, but it can be useful to use reserves to fund the one-off cost of service transformation.
- 7.2 Options for increasing funding are limited. Apart from the 2% social care 'precept', any increase in council tax must be within any limits set by the government (currently 2% per year) unless members agreed to have a local referendum on a higher increase.
- 7.3 The Council's strategic approach to identifying and delivering savings is the Smarter Council programme. This consists of a number of programmes and projects grouped under four areas:

- Peoples - including the adults and children's transformation programmes.
- Capital - including housing regeneration and schools expansion programmes.
- EH&R - including Opportunity Sutton
- Chief Exec/Resources - including the Sutton Plan, and the E-evolve programme.

There is also an internal Commissioning Board which oversees all projects related to new delivery models (shared services, LATC's etc.)

- 7.4 Savings already identified and agreed have been taken into account in the projected funding gaps. These are shown in the table below:

	2018/19	2019/20	2020/21	Total
<i>Current approved savings</i>	£m	£m	£m	£m
CEX	60	283	0	343
People	4,077	4,584	0	8,661
EH&R	1,542	1,486	0	3,028
Resources	349	7	0	356
<b>Total</b>	<b>6,028</b>	<b>6,360</b>	<b>0</b>	<b>12,388</b>

- 7.5 The Directorate savings targets set out in this report for Members to agree are sufficient to close the estimated gap over the period to 2020/21 without further council tax rises.

## 8. Medium Term Financial Strategy - Funding

### Settlement Funding Assessment

- 8.1 Revenue support grant is assumed to follow the path set out in the 2016/17 local government funding settlement. RSG in 2017/18 is £196.8m. This is expected to fall to £16.8m to £11.8m in 2018/19 and £6.6m in 2019/20. No figures for 2020/21 have been provided but a continued fall has been assumed to £1.5m.
- 8.2 In 2017/18 the Council will receive a (business rates) top up grant of £18.1m reflecting the extent to which the business rates baseline falls short of the spending baseline. This will increase annually in line with September RPI. Increases in line with government forecasts have been assumed up to 2019/20 and an inflation assumption of 3.1% has been used to increase top up grant to £20m in 2020/21.



- 8.3 Projected retained business rates for 2017/18 total £16.2m, In light of the uncertainty around appeals and the impact and timing of full business rate retention proposals the current assumption is that this remains flat over the current planning period.
- 8.4 The safety net pays additional grant to councils whose income from business rates fall significantly below the baseline assumptions. The threshold is set at a level that would imply a 7.5% reduction in total funding through the SFA. Sutton would only be eligible for payments under the scheme if retained business rates fell well below projected levels and, in that case, would partly mitigate the impact of the reduced funding from that source. No safety net grant is assumed in the projections.

#### Other non ringfenced grants

- 8.5 In 2018/19 there will be further changes to the New Homes Bonus grant arrangements, reducing the period of benefit from new units above the baseline set by Government to four years. This reduction in funding was built into 2018/19 as part of the 2017/18 budget process so no further changes are needed.
- 8.6 The Education Services Grant is being phased out. This is already reflected in the medium term plans.
- 8.7 The medium term projections assume that both housing benefit and council tax reduction admin grants remain at their 2017/18 levels during the period. There is a risk that there are further reductions. This will be reviewed later in the 2018/19 budget process and revised if necessary.

#### Ring-fenced grants

- 8.8 Public Health is funded by a ring-fenced grant amounting to £10.1m in 2017/18. The government is continuing to implement reductions in this grant over the Spending Review period (*i.e.* to 2019/20). The grant is fully committed in 2017/18. Savings totalling £526k over 2017/18 and 2018/19 were agreed as part of the 2017/18 budget in order to contain future public health spending within available funding.
- 8.9 Additional grant to support adult social care was announced this year after the budget was set in March. The funding reduces over the three years to 2019/20 even though it will largely fund ongoing cost pressures in adult social care, however, there is an assumption that this will be covered by the increasing Improved Better Care Funding towards 2020/21.
- 8.10 Funding for Crisis Grants and Loans, which have replaced the Social Fund formerly administered by the Department for Work and Pensions, was provided for 2013/14 and 2014/15 only and has now ended. There was also a specific (though non ringfenced) additional RSG allocation in 2015/16 (although no additional grant was received). The Council's scheme is continuing with funding from reserves built up from underspends in previous years. At the present rate of expenditure it is expected that the available reserves will cover the cost of the scheme until at least 2021/22, beyond the end of the current planning period.



- 8.11 The Dedicated Schools Grant is a ring-fenced specific grant and must be used in support of the local authority's Schools' Budget. The DSG is split into three blocks, Schools, Early Years and High Needs blocks. The funding per pupil for the Schools block for 2017/18 is £4,617. This was reduced compared to the year before mainly due to re-baselining at the Council's request to shift £2.1m into the High Needs Block. The Early Years Block has increased by £4m to £14m due to increased hourly rates and additional free entitlements for working parents from September 2017. The total estimated DSG for 2017/18 is £143m, but after Education Funding Agency (EFA) recoupment for academies and High Needs, the estimated net DSG for 2017/18 is £105m. During 2016/17 there was an overspend of £2.26m on DSG funded services, particularly in relation to the cost of educating children with special educational needs as demand continues to increase. The overspend exceeded the DSG balances carried forward from previous years resulting in a deficit of £735k carried forward. Action is in hand to identify cost reduction measures during 2017/18 and in later years, but there is significant pressure on all elements of DSG for both schools and the Council.
- 8.12 The Housing Revenue Account (HRA) budget for 2017/18 in March 2017 included proposals for savings over the planning period to 2019/20 to address the impact of the mandatory 1% rent reductions annually over that period. The HRA position will be reviewed as part of the 2018/19 planning process and any required amendments to sustain the medium term position will be brought forward for consideration as part of the 2018/19 budget proposals.
- 8.13 Other specific grants are assumed to be passed through to services. Any future increases or reductions in these grants are assumed to be met by equivalent expenditure changes. Any expenditure reductions as a result of grant cuts would be in addition to any agreed Directorate savings targets.

#### Council Tax

- 8.14 The amount collected from council tax depends on the number and banding of properties in the council tax base, the impact of the council tax reduction scheme and the collection rate.
- 8.15 Current projections assume:
- an annual increase in the number of Band D properties of 426, based on achievement of the London Plan target plus additional growth of 242 units in 2018/19 and 155 in 2019/20 based on local knowledge of actual developments;
  - a continuation of the downward trend in the impact of the council tax reduction scheme equivalent to a tax base increase of 269 in 2018/19;
  - a composite collection rate of 99% after taking account of collection of historical arrears.

These projections are due to be reviewed during the summer when information is being collated for the government tax base return CTB1.

- 8.16 Each year there is a variation between the amount of council tax actually collected and paid into the Collection Fund and the budgeted amounts. There also may be a similar variation relating to business rates. The Collection Fund surplus (or deficit) is shared between the billing authority (London Borough of Sutton) and the precepting authority (GLA) for council tax and also with the government for business rates. A projected surplus on council tax of £0.359m (Sutton share) and a deficit of £0.679m for business rates have already been factored into the 2017/18 budget. In later years it is expected that the overall net surplus will be negligible.
- 8.17 The base position assumes that the 2% social care precept council tax increase is implemented each year until 2019/20. Actual council tax increases of 1.99%, which is the maximum permitted without triggering a local referendum, under present rules, would deliver around £1.9m each year (£5.7m over the period). This has not been assumed, but is an option to be considered as part of a strategy to close the overall funding gap. If adopted it would allow savings targets to be reduced.

## 9. Medium Term Financial Strategy – Expenditure

### Expenditure Planning Assumptions

9.1 The Medium Term Financial Strategy set out in March 2017 assumes:

- pay increases of 2% annually;
- price inflation of 2% per year on goods and services purchased;
- increases in income from fees and charges of 2% per year, and;
- a general provision of £1m annually to meet unavoidable cost pressures and to fund new investment in Council priorities.

No changes are proposed to these assumptions, however it should be noted that in recent years the agreed growth to meet cost pressures and member priorities has significantly exceeded £1m particularly in the areas of looked after children, adults social care and temporary accommodation. This will need to be reviewed as part of the planning process.

- 9.2 A review of the impact of the inflation assumption has identified that the cost of inflation is lower than previously estimated by about £200k per year. The forecasts have been adjusted to reflect this. There is mounting pressure on the current government to soften austerity and to relax the public sector pay freeze limit of 1%, but this is yet to be concluded. After a 1% increase in the current year an assumption of 2% had been included for future years so this will need to be kept under review.
- 9.3 Where expenditure is funded by grant it is assumed that there will be a matching reduction in expenditure if there is an expected reduction in grant income for example in public health. Savings to meet this assumption are in addition to those for which targets have been set.
- 9.4 The concurrent Period 1 2017/18 Performance and Finance report identifies a number of areas of likely overspend in 2016/17 which are expected to continue into 2017/18. Plans are being

developed to bring expenditure in these areas in line with budgets during 2017/18, but there is a risk that this will not be achieved or that the actions do not resolve the issue on an ongoing basis. Any residual ongoing overspend would increase the funding gap in 2018/19 over and above the currently assumed level. This will be kept under review during the year and as the budget process develops.

### Savings Targets

9.5 Since 2015/16 Directorates have identified and delivered savings totalling £36.1m as set out in the table below.

	People	CE	EH&R	Resources / Corporate	Total
	£'000	£'000	£'000	£'000	£'000
<b>Target Savings for the period 2015/16 to 2018/19</b>	<b>24,600</b>	<b>1,597</b>	<b>9,723</b>	<b>4,994</b>	<b>40,914</b>
Savings delivered or agreed:					
2015/16	4,046	901	2,342	3,659	10,948
2016/17	5,099	325	2,230	1,576	9,230
2017/18	4,929	175	1,489	3,298	9,891
2018/19 (planned)	4,077	60	1,542	349	6,028
<b>Total</b>	<b>18,151</b>	<b>1,461</b>	<b>7,603</b>	<b>8,882</b>	<b>36,097</b>

9.6 Although the agreed and planned savings fall short of the targets set in 2014, it has been possible to balance the annual revenue budget mainly because of increases in council tax and the use of reserves. However, the potential funding gap has increased over the period due to the impact of increased demand for services, additional cost pressures from demographic change, the impact of wider government policy (for example, relating to welfare reform and housing) and reductions in government funding.

9.7 The outstanding savings requirement in the medium term financial strategy that was agreed by Full Council in March was £5.8m. Rolling forward the budget into 2020/21 increases that saving requirement by £5.7m to £11.5m. Directorates will now need to identify further savings options to meet this remaining budget gap.

9.8 Following the roll forward of the budget, service savings targets have been reviewed. It is proposed to set initial targets for savings options to be produced by Directorates on an equal basis as set out in the following table. Options will come forward for Members consideration and final decision.

	People	CE	EH&R	Resources	Total
	£'000	£'000	£'000	£'000	£'000
Controllable Budget	83,561	5,058	27,102	15,800	131,521
Less: Approved planned savings	7,994	343	2,984	541	11,862
Controllable budget net of approved savings	75,567	4,715	24,118	15,259	119,659
<b>New target to close gap</b>	<b>7,256</b>	<b>453</b>	<b>2,316</b>	<b>1,465</b>	<b>11,490</b>

9.9 Rather than continuing to relate targets back to the position in 2014, these proposed indicative targets are based on the 2017/18 Directorate base budgets adjusted to remove uncontrollable items (depreciation, concessionary fares and members' allowances are the most significant of these) and also the savings already approved. The estimated funding gap has then been shared equally across the Directorates, amounting to about 9.6% of their adjusted budgets. It should be noted that there is no intention that the targets will be allocated to individual services proportionately. Also, it is expected that there will be differences between the indicative targets and the actual savings finally agreed, as has been the case since 2015/16 as is demonstrated by the table at paragraph 9.5.

## 10. Impacts and Implications

### Financial

10.1 The financial implications are covered within the report.

### Legal

10.2 There are no direct legal implications arising from this report. This report is part of the duty of the Council to set a balanced budget each year.

## Appendices and Background Documents

Appendix letter	Title
A(i)	Gross Budget Trail 2018/19 to 2020/21
A(ii)	Resource Shortfall Tracker 2018/19 to 2020/21
B	Legislative Context for 2017/18
C	The Sutton Plan



<b>Background documents</b>
None

<b>Audit Trail</b>		
Version	Final	Date: 5 July 2017
<b>Consultation with other officers</b>		
Finance	Yes	Phil Butlin
Legal	Yes	Fiona Thomsen
Equality Impact Assessment required?	No	N/A