

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	19 SEPTEMBER 2016
SUBJECT:	MEDIUM TERM FINANCIAL PLAN 2017/18 – 2019/20
PORTFOLIO HOLDER(S):	COUNCILLOR H E JONES
HEAD OF SERVICE:	MARC JONES – HEAD OF FUNCTION (RESOURCES)
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LOCAL MEMBERS:	n/a

A - Recommendation/s and reason/s

The Council is required to put in place a robust system to monitor and control its revenue budget and a key element of that system is a Medium Term Financial Plan. The plan sets out the Council's budget strategy over the next three year period and sets out the assumptions which will be taken forward to the annual budget setting process.

The Executive are requested to note the contents of the plan and to approve the assumptions made.

B - What other options did you consider and why did you reject them and/or opt for this option?

N/A

C - Why is this decision for the Executive?

Responsibility for determining the Council's budget strategy is delegated to the Executive

CH - Is this decision consistent with policy approved by the full Council?

Yes

D - Is this decision within the budget approved by the Council?

N/A

DD - Who did you consult?

What did they say?

	Who did you consult?	What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	TBC
2	Finance / Section 151 (mandatory)	n/a – this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	TBC
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	

E - Risks and any mitigation (if relevant)

1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	

F - Appendices:

- Appendix 1 – Medium Term Financial Plan
- Appendix 2 – Detailed 3 year estimate
- Appendix 3 – Plan Assumptions

FF - Background papers (please contact the author of the Report for any further information):

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MEDIUM TERM FINANCIAL PLAN 2017/18 – 2019/20

1. INTRODUCTION

- 1.1. The Medium Term Financial Plan sets out the Council's likely resource requirement for the next three financial years and details how the Council plans to balance the resource requirement with the funding available.
- 1.2. Predicting the future is difficult in any circumstances but at present it is very difficult given the uncertainty over the economy, the implications of the referendum decision to leave the European Union and the recent change in the Government's policy to achieve a budget surplus by 2020.
- 1.3. The plan takes account of known changes and makes assumptions of the main factors that impact on the Council's revenue budget (pay costs, pensions, general inflation, Welsh Government funding, demographic and demand pressures).

2. THE COUNCIL'S BUDGET STRATEGY TO DATE

- 2.1. The British economy began to decline following the banking crisis in 2008 and the current Government began its programme of financial austerity in 2010. Although this reduced the level of increases in central government funding to Welsh local authorities, funding continued to grow until 2013/14, although the growth was insufficient to meet all cost pressures and represented a real cut in funding.
- 2.2. From 2014/15 onwards the Council has seen cash reductions in the grant it receives from the Welsh Government. This is shown in Table 1 below:-

Table 1
Change in the Council's Aggregate External Finance 2014/15 – 2016/17

Year	RSG £'m	NNDR £'m	Total AEF £'m	% Change
2013/14	78.74	22.03	100.77	-
2014/15	75.11	22.04	97.15	-3.6%
2015/16	71.70	21.99	93.69	-3.6%
2016/17	70.62	21.31	91.93	-1.9%

- 2.3. This represents an overall reduction in the AEF of 8.8% between the 2013/14 level and the 2016/17 level.
- 2.4. In order to mitigate the effect of this loss, the Council has increased the Council Tax at a higher rate than inflation over the same period. However, as the proportion of AEF to Council Tax is approximately 3:1, each 1% decrease in AEF requires a 3% increase in Council Tax in order to achieve the same level of funding. The levels of Council Tax have increased as follows since 2013/14:-

Table 2
Increase in Council Tax since 2013/14

Year	Total Council Tax Debit £'m	Band D Equivalent £	% Change
2013/14	28.48	939.15	-
2014/15	29.47	981.41	+4.5%
2015/16	30.96	1,025.57	+4.5%
2016/17	32.11	1,061.46	+3.5%

- 2.5. The reduction in AEF and the increase in Council Tax has changed the balance between the amount of funding which is received in Government grant and the amount generated through local taxation. The amount of funding generated via Council Tax in 2016/17 is 26%, compared to 22% in 2013/14. This is shown in Table 3 below:-

Table 3
Council Funding since 2013/14

Year	Total AEF £'m	Total Council Tax Debit £'m	Total Funding £'m	% Council Tax to Total Funding
2013/14	100.77	28.48	129.25	22.0%
2014/15	97.15	29.47	126.62	23.2%
2015/16	93.69	30.96	124.65	24.8%
2016/17	91.93	32.11	124.04	25.9%

- 2.6. For a number of years prior to 2013/14, Services have been required to implement savings. These, initially, were based on a percentage of the net budget and resulted in a number of unused and underspent budgets being reduced. This was sufficient to achieve the required savings but, as time has moved on, the ability of services to achieve the required level of savings by this method has become more and more difficult. It has now reached a point where any additional savings will require the transfer of services to other providers or stopping the provision of some services.
- 2.7. The level of savings approved by the Executive as part of the annual revenue budget since 2013/14 is shown in Table 4 below:-

Table 4
Analysis of Savings by Service 2013/14 – 2016/17

Service	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	Total £'000
Schools	0	0	0	988	988
Education & Culture	356	811	670	320	2,157
Adult Services	500	1,261	407	335	2,503
Children's Services	312	352	184	143	991
Community Regeneration	175	414	394	147	1,130
Housing	66	117	137	74	394
Environmental & Technical	1,014	2,216	1,492	730	5,452
Regulation	200	308	80	111	699
Council Business	70	152	31	56	309
Resources	50	212	104	72	438
Transformation	49	183	226	84	542
Corporate Budgets	70	237	600	400	1,307
Total	2,862	6,263	4,325	3,450	16,910

- 2.8. It should be noted that the normal inflationary pressures and individual growth bids have been funded from the savings generated to give the net reduction of £5.21m between 2013/14 and 2016/17 (a 4% cash reduction).
- 2.9. In addition to the reduction in the Council's core budget, there have also been cuts to revenue grants over the same period. Although the number of grants have reduced over the years with grants either being absorbed into the RSG or smaller grants being merged together, the Council is still reliant on 5 major grants, the details of which are shown in Table 5 below:-

Table 5
Main Revenue Grants Received 2013/14 – 2016/17

Grant	2013/14 £	2014/15 £	2015/16 £	2016/17 £	% Change since 2013/14
Supporting People	3,052,211	2,899,599	2,643,866	2,643,866	-13.4%
Single Environment Grant	1,728,290	1,712,884	1,808,988	1,734,760	+0.4%
Post 16 Education Grant	3,028,523	2,723,166	2,625,911	2,564,687	-15.3%
Education Improvement Grant	3,811,147	3,558,975	3,259,357	3,098,283	-18.7%
Bus Service Support Grant	465,677	490,512	490,512	490,512	+5.3%

3. NATIONAL AND LOCAL BUDGET PRESSURES

- 3.1. National budget pressures arise due to circumstances outside the Council's control but impact on the costs faced by the Council. Recent examples of changes that have had a significant impact on the Council's revenue budget include:-

i. National Insurance Contributions

In April 2016, the Government changed the regulations relating to state pensions and removed the contracted out category of national insurance contributions. This resulted in the Council's national insurance contributions increasing by £1.3m in 2016/17.

ii. Council Tax Reduction Scheme

The Council Tax Reduction Scheme was introduced by the Welsh Government in 2013/14 to provide financial assistance to help residents pay their Council Tax. This system replaced the previous Council Tax Benefits system. The assistance the Council receives from the Welsh Government does not increase year on year and as the Authority's Council Tax increases, the financial burden that falls on the Council increases. This change has increased the Council's costs in 2016/17 by £600k compared to 2013/14.

iii. Social Services & Well Being Act 2015

The Act limits the sum the Council can charge clients who require a short stay in a care home. It is estimated that this change will reduce the Council's income by approximately £300k in 2016/17.

iv. National Living Wage

Although the introduction of the national living wage in April 2016 was not a direct cost increase on the Council, as the Council's staff were paid above this level prior to the change, the change has increased costs for our main contractors, notably residential and domiciliary care. This resulted in a higher than inflation increase for these contracts in April 2016. This is an issue which is impacting all of the 6 authorities across North Wales.

v. Reduction in Specific Grants

As stated above, the Council is still reliant on 5 major grants. As these grants are cut, it is difficult for the Council to reduce the services initiated when the grant commenced. As a result, the Council has to make up the difference in order for the service to continue to be provided at the same level.

vi. Pension Costs

The Council makes employer contributions into two main pension schemes. The Teachers' Pension Scheme, which is a national scheme, and the Local Government Superannuation scheme, which is administered by Cyngor Gwynedd on the Council's behalf. Although we have some influence over the Local Government scheme, the employer's contribution rate is governed by the results of triennial valuations and these can lead to increases in pension contributions which are outside the Council's control.

vii. Apprenticeship Levy

The Government have proposed to introduce an Apprenticeship Levy from April 2017 to fund the creation of apprenticeships in England and Wales. The Levy will be charged on all employers who have a pay bill in excess of £3m per year. The levy will be calculated as 0.5% of the pay bill, less a £15,000 allowance. For Anglesey, this would result in a levy charge of £275,000 in 2017/18. The levy is included in the Finance Bill 2016 which is currently going through the final parliamentary stages. It is unclear how the funds raised by the levy will be allocated to Wales and how employers will access the funding.

3.2. Local pressures arise from decisions taken by the Council or changes in the demand for Council services. The local pressures that have impacted on the 2016/17 budget and will influence future budgets include the following:-

i. Increased demand for Children's Services

During 2015/16, the caseload within Children's Services saw a significant increase. This required the Council to increase the Children's Services budget by £500k in 2016/17. The Executive also approved the funding of an Edge of Care Team to provide support to parents in order to reduce the number of children requiring costly intervention. Funding for 2016/17, 2017/18 and 2018/19 has been allocated, although it is clear that the Service will be held to account to deliver the reduction in future care costs which the investment is designed to achieve.

ii. Reduction in the Workforce

The Council has embarked on a process to reduce the workforce and, although this produces long term savings for the Council, there is a need to fund the redundancy costs in the short term. £500k was allocated in the 2016/17 budget to meet these additional one-off costs.

iii. Modernising Business Processes

In order to deliver efficiencies and reduce administration costs, the Council needs to invest in technology to improve its business processes. The Council has allocated £1m from its general reserves in 2016/17 to fund projects that will reduce administration costs and generate future savings or improve customer services. This investment has been made on the clear expectation that the investment will result in a reduction in administration costs and this will be reflected in future service budgets. In addition, £50k was allocated to the I.T. service in order that the service has sufficient capacity to deal with the additional workload.

iv. Impact of Job Evaluation

The outcome of the job evaluation process was funded in 2016/17 from the core budget and the use of earmarked reserves. However, it did create a pressure which will feed through into 2017/18. A number of staff who had been in post for a number of years would have reached the top of their old scale and, therefore, did not receive an annual increment. However, those staff who were regraded upwards would have been placed on the bottom of the new scale with the new scale having 3 pay points. For the purpose of increments, the member of staff would have been placed on the new scale from 1 April 2015 and received subsequent increments in April 2016 and April 2017. Therefore, the level of increments for 2017/18 will be higher than applies in a normal year. Based on the number of staff who formed part of the job evaluation process and the assumption that one third were placed on a higher scale, this additional incremental cost will amount to approximately £900,000 in 2017/18, but the level will then fall to a much lower level from 2018/19 onwards.

v. County Council Election

In 2017/18, the elections for the County Council will take place. As this is not an annual cost, it is provided for in the budget as and when the election takes place. A sum of £150,000 has been allocated to meet the cost of the election in May 2017.

4. INFLATION

- 4.1.** Inflation is the rate at which the prices for goods and services are expected to rise. The two main measures of inflation are the Consumer Price Index (CPI) and the Retail Price Index (RPI). Although there is a link between these measures of inflation and the actual inflation the Council faces, e.g. they are built into some of the Council's main contracts as the method to increase the annual prices, there are also other significant areas of expenditure which experience higher levels of inflation.

4.2. The budget process, therefore, examines the estimated inflation over a number of different areas of expenditure and these inflation factors are built into the annual budget. It should be noted that the Welsh Government settlement is a cash figure which is not indexed linked in any way from one year to the next.

4.3. Types of Inflation

4.3.1. Pay Inflation

Council staff's pay is mainly governed by two national pay agreements covering local government staff and teachers. The Government has restricted pay awards to 1% over the last 3 years and current information suggests that this policy will continue for the lifetime of this plan, however there may be pressure to increase the pay award in 2019/20 as the level of general inflation is anticipated to rise. As a result, 1.5% has been allowed as the pay award in the final year of the plan.

4.3.2. Prices

There are currently two main recognised measures of general price inflation, Consumer Prices Index (CPI) and Retail Prices Index (RPI). Although both measure price inflation, they are calculated by different methods and CPI is now recognised as the more accurate and reliable method. CPI is lower than RPI by approximately 1%. In times when inflation is high, it can vary significantly between different commodities, but when it is low, the differences are small and this general indicator provides a reasonable assumption for inflation. For the purposes of this plan, CPI has been used as the general assumption.

4.3.3. Energy

The inflation relating to energy costs (electricity, gas and oil) has been more volatile in recent years with prices increasing rapidly followed by a fall in prices, even when the CPI and RPI continue to rise. Given the level of expenditure on energy, it is reasonable to include a separate assumption for energy. However, prices have currently stabilised and inflation assumed to be in line with CPI.

4.3.4. Contract Inflation

The Council have a number of significant service contracts (School Meals, Highway Maintenance, Refuse Collection, School Transport etc.) where the inflation adjustment is set out in the contract terms and conditions and can vary from the general prices inflation. A separate assumption has been allowed for each of the main service contracts based on the definition in the contract.

5. CHANGES IN DEMAND

5.1. In addition to price increases, costs may change as the demand for services change. This can range from changes in pupil numbers, to demand for elderly care services, a change in the number of children coming into the statutory care process, homelessness cases, amount of waste sent to landfill etc.

5.2. The assumptions relating to changes in demand are based on:-

- (i) available data e.g. future pupil numbers, projected refuse disposal tonnages;
- (ii) planned service changes – introduction of an Edge of Care team within Children’s Services;
- (iii) current trends – homelessness cases and out of county school placements where the demand for services has levelled out over the last two years.

6. INCOME

6.1. The Council’s current income budget (excluding RSG, NNDR and Council Tax) currently amounts to £36m, which is made up of grants and reimbursements from public bodies £21.5m, fees and charges set by statute or regulated by the Government £2.2m and fees and charges where the Council has the discretion to set the fee or charge £12.4m.

6.2. It has been the Council’s policy over recent years to increase the discretionary fees and charges by 5% each year. It is becoming increasingly more difficult to continue with this policy, with inflation much lower than 5%, and in particular for those services where the Council is competing with the private sector e.g. Leisure. From 2017/18, the assumption has changed and the increase in non-statutory income will be aligned to the assumption of the increase in Council Tax.

7. CONTINGENCIES AND LEVIES

7.1. The 2016/17 budget contains contingency budgets totalling slightly in excess of £2m which cover a number of areas, including a budget to meet future redundancy costs, budgets to fund specific posts and projects in HR, Procurement and ICT, budgets to cover uncertainties in respect of domiciliary care costs and a general contingency. Given that the majority of the contingencies are for specific projects, it is possible to determine when these costs fall out of the budget.

7.2. The North Wales Fire and Rescue Authority set a levy which is included in the Council’s Revenue budget. It is for the Fire and Rescue Authority to determine the increase in the levy each year and the final decision of the Fire Authority may differ from the Council’s assumption. The levy has fallen slightly every year since 2011/12 and, for 2016/17, was approximately the same level as it was in 2009/10. Based on current information, it is assumed that there will be a higher than inflation increase in 2017/18 (current indications that this could be 4%) with inflationary increases in 2018/19 and 2019/20.

8. PROJECTED STANDSTILL BUDGET FOR 2017/18 – 2019/20

8.1. Taking into account all the known budget pressures and the inflationary and other assumptions, it is possible to determine a standstill budget for the period 2017/18 to 2019/20. The standstill budget being the revised costs of continuing to provide services to the same level, delivered in the same way as they are delivered in 2016/17. The estimated standstill budget for the next three year period is shown in Table 6 below:-

Table 6
Projected Standstill Budget 2017/18 to 2019/20

	2017/18 £'m	2018/19 £'m	2019/20 £'m
Previous Year Final Budget	124.04	127.94	128.78
Funded from Reserves in Previous Year	3.31	-	-
One Off Costs and Contingencies falling out of the budget	(2.12)	(0.64)	(0.34)
New Budget Pressures	0.66	-	-
Incremental Drift and Pay Adjustments	0.32	0.07	0.07
Pay Inflation	0.74	0.76	1.15
Main Council Contracts – Inflation and Volume Changes	0.38	0.63	0.73
Changes in Demand Led Services	0.14	0.09	0.05
Non Pay Inflation	0.58	0.94	1.26
Income Increases	(0.61)	(0.99)	(1.12)
Capital Financing Costs	0.50	(0.02)	(0.08)
Estimated Standstill Budget	127.94	128.78	130.50

- 8.2.** The estimated standstill budget represents a cash increase of 5.2% over the 3 year period.
- 8.3.** More detail on the standstill budget and the assumptions that support the plan are attached as Appendix 1 and 2.

9. AGGREGATE EXTERNAL FINANCE AND COUNCIL TAX

- 9.1.** The estimated standstill budget is funded from the level of aggregate external finance received from the Welsh Government (Revenue Support Grant and NNDR Pool Funding) and from the Council Tax raised locally.
- 9.2.** The Government's Comprehensive Spending Review in November did provide some encouraging signs that the level of funding that Wales would receive would not reduce as sharply as in the previous years. How this would translate to the Local Government settlement determined by the Welsh Government was not detailed in the 2016/17 settlement and much will depend on the funding provided to the NHS in Wales.
- 9.3.** Since November, there have been 2 main changes which will impact on the UK Government's spending plans. Firstly, the estimated growth figures for the economy are unlikely to be achieved and the results of the EU referendum increase the uncertainty surrounding the future performance of the economy. This uncertainty has resulted in the second change i.e. the UK Government have now dropped their intention to achieve a budget surplus by 2020. This may result in increased government spending funded from additional borrowing. This increased borrowing may only bridge the funding gap caused by lower economic growth but it could translate to higher government spending and a better settlement for Wales. The situation will become clearer once the provisional settlement for 2017/18 is received in October 2016.

- 9.4. The Welsh Local Government Association (WLGA) undertook some modelling work on the likely impact on the Local Government settlement over the next three years based on the level of protection the Welsh Government will give to the Health budget. The result of the modelling exercise is shown in Table 7 below:-

Table 7
Possible Changes in AEF – 2017/18 to 2019/20

	Weak Protection for Health Budget	Moderate Protection for Health Budget	Strong Protection for Health Budget
2017/18	+ 0.2%	- 0.6%	- 2.0%
2018/19	+ 1.5%	- 1.0%	- 2.6%
2019/20	+ 1.5%	- 0.9%	- 2.7%

- 9.5. For the purposes of the Medium Term Financial Plan, it has been assumed that the AEF will be reduced by 0.6% in 2017/18 followed by a reduction of 2.6% and 2.7% in 2018/19 and 2019/20 respectively. A 1% change in the AEF equates to approximately £900,000 in funding.
- 9.6. Over the past 3 years, the level of increase in Council Tax has ranged between 3.5% and 4.5%, which is higher than inflation but has been necessary to partly make up for the reduction in AEF. Although this is a decision for Members to take, in light of the potential reductions in AEF it will be necessary to continue with the policy of above inflation increases in Council Tax. For the purposes of the plan, an assumed increase of 3% has been allowed for in 2017/18 with further rises of 4% in the subsequent two years.
- 9.7. Based on these assumptions the estimated total funding would be as shown in Table 8 below:-

Table 8
Estimated Council Funding – 2017/18 to 2019/20

	2017/18 £m	2018/19 £m	2019/20 £m
AEF Brought Fwd	91.928	91.376	89.000
Council Tax Brought Fwd	32.109	33.072	34.395
Total Funding Brought Fwd	124.037	124.448	123.395
In year change in AEF	(0.552)	(2.376)	(2.403)
In Year change in Council Tax	0.963	1.323	1.376
Total Funding Carried Fwd	124.448	123.395	122.368

10. BRIDGING THE FUNDING GAP

- 10.1. The funding gap is the difference between the estimated standstill budget (Table 6) and the estimated funding available (Table 8). This is summarised in Table 9 below:-

**Table 9
Estimated Funding Gap**

	2017/18 £m	2018/19 £m	2019/20 £m
Estimated Standstill Budget	127.94	128.78	130.50
Savings Brought Forward	-	(3.49)	(5.38)
Revised Standstill Budget	127.94	125.29	125.12
Estimated Funding	(124.45)	(123.40)	122.37
Annual Savings Requirement	3.49	1.89	2.75
% Savings Requirement	2.7%	1.5%	2.2%

Note – The savings brought forward figure is a cumulative figure of the previous year(s) annual savings requirement.

- 10.2.** In reality, there are a number of budgets included in the standstill budgets which cannot be reduced or are very difficult to reduce, these include :-

Fire Authority Levy - £3.19m in 2016/17;
 Capital Financing Costs - £8.45m in 2016/17;
 Council Tax Reduction Scheme - £5.80m in 2016/17;
 Contingencies - £2.04m in 2016/17 (reductions have been allowed in the plan already).

It will, therefore, be necessary to find the required savings of £8.13m over 3 years from service budgets, totalling £104.5m (2016/17 budget). This equates to savings of 7.8% over 3 years.

- 10.3.** The Council's efficiency strategy in previous years has been to reduce service budgets by requesting services to review existing budgets and to reduce the overall net budget by:-

Deleting unused budget headings;
 Reducing staffing costs through restructuring and voluntary redundancies;
 Increasing fees and charges in excess of the rate of inflation;
 Identifying new sources of income;
 Reducing administration costs through investment in information technology;
 Reducing costs through better procurement of goods and services;
 Stopping grants to the voluntary / third sector;
 Reducing the sums invested in the maintenance of assets;
 Rationalising Office space, thereby reducing office accommodation costs.

- 10.4.** The strategy has been successful and the Council has not only been able to set a balanced budget each year without having to rely on the use of general balances, it has also been able to deliver the proposed savings which is evidenced by the fact that the Council has invariably underspent its revenue budget each year. This has also been achieved whilst still protecting the budgets for Schools and Social Services.

- 10.5.** However, as we move into the next three years, the scope to generate the required level of savings by these methods alone is much reduced and the Council is now changing its strategy in order to continue to deliver the required savings. The methods under consideration include:-

Using the Council's general balances to allow for further investment in business processes and information technology. The investment will generate revenue savings in the future;

Seeking to transfer the provision of some services away from the Council, to Town & Community Councils, the third sector, voluntary community groups or private individuals;

Examining alternative methods to provide the service, including creating other bodies controlled by the Council to deliver services – trusts, local authority trading companies;

Stopping the provision of some non-statutory services.

- 10.6.** A number of the smaller corporate services have now been reduced to a point where funding budget reductions are not possible as the services will no longer be able to deliver the minimum level of service required. As a result, services which have received protection from budget reductions in previous years will now be expected to contribute towards the savings targets.
- 10.7.** The revenue budget of each service has been reviewed by Members and Senior Officers and this has resulted in the identification of approximately £1.9m further savings in 2017/18 and £2.7m over the next three year period. However, this is considerably short of the estimated savings requirement and further work over the coming months will be required to achieve the level of required savings.
- 10.8.** Work has already commenced to review the way some services are provided (Youth Services, Libraries, Adult Social Care) and further work is required to convert the recommendations made into the required changes within the required timescale.

11. CONCLUSIONS

- 11.1.** The future funding of Local Government in Wales is very uncertain at the present time and accurately forecasting future funding levels is difficult.
- 11.2.** To achieve the future required savings, the Council will be required to take more difficult decisions, including considering stopping providing non statutory services, closing facilities (schools, residential homes, libraries) and continue to increase the contribution that the residents of Anglesey have to make to the services they receive, through higher fees and charges and higher Council Tax bills. These decisions may not be fully supported by Members, and will be unpopular with the taxpayers of Anglesey, but they need to be taken in order to ensure the future financial viability of the Council.

Revenue Expenditure	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Delegated Schools Budgets				
Teachers Pay	20,407,410	20,611,484	20,817,599	21,129,863
Non Teaching Pay	3,522,095	3,304,816	3,337,864	3,387,932
National Insurance	2,571,580	2,597,296	2,623,269	2,662,618
Teachers Pensions	3,271,500	3,304,215	3,337,257	3,387,316
Non Teaching Pensions	608,200	614,282	620,425	629,731
Cleaning	1,327,210	936,482	955,212	978,137
Energy	1,181,200	1,133,952	1,090,862	1,051,591
NNDR	742,730	750,157	765,160	783,524
Other non staff related expenditure	4,789,670	4,837,567	4,934,318	5,052,742
Pupil Number Adjustment	-	182,700	245,000	263,900
Funded by Education Reserves	- 400,000	-	-	-
Total Delegated Schools Budgets	38,021,595	38,272,951	38,726,966	39,327,354
Non School Staffing Costs				
Teachers Pay	1,042,660	1,053,087	1,063,617	1,079,572
Non Teaching Pay	32,859,960	33,024,031	33,404,772	33,956,593
National Insurance	2,914,300	2,973,021	3,007,802	3,057,994
Teachers Pensions	143,470	144,905	146,354	148,549
Superannuation Pension Contributions	6,573,890	6,698,554	6,776,397	6,888,954
Car Allowances	677,080	677,080	677,080	683,851
Historic Pension Costs	1,128,370	1,139,654	1,151,050	1,168,316
Other Staff Costs	850,230	858,732	875,907	896,929
Apprenticeship Levy	-	274,967	278,119	282,770
Funded by JE Reserve	- 2,916,390	-	-	-
Total Staffing Costs	43,273,570	46,844,031	47,381,098	48,163,527
One Off Costs				
County Council Elections	-	150,000	-	-
Edge of Care Team	-	240,000	240,000	-
Total One Off Costs	-	390,000	240,000	-
Main Council Contracts				
Refuse Collection	3,077,540	3,139,091	3,233,264	3,343,194
Refuse Disposal	949,980	959,480	969,075	972,951
Landfill Tax	1,397,050	1,397,050	1,397,050	1,388,668
Highway Maintenance	4,191,890	4,275,728	4,404,000	4,553,736
School Meals	2,044,280	2,085,166	2,147,721	2,220,743
School Transport	2,304,330	2,350,417	2,420,929	2,503,241
Public Service Bus Contracts	1,908,750	1,946,925	2,005,333	2,073,514
Residential Placements	6,851,150	6,919,662	7,058,055	7,227,448
Homecare Contracts	3,301,850	3,334,869	3,401,566	3,483,203
Total Main Council Contracts Costs	26,026,820	26,408,386	27,036,991	27,766,698
Other Demand Led Services				
Children's Placements	2,310,860	2,253,089	2,253,089	2,250,835
Out County School Placements	1,047,760	1,058,238	1,079,402	1,105,308
Homelessness	259,580	262,176	267,419	273,837
Total Demand Led Services	3,618,200	3,573,502	3,599,910	3,629,981
Other Council Expenditure				
NNDR	946,130	955,591	974,703	998,096
Energy	1,265,730	1,215,101	1,168,927	1,126,846
Premises Costs Non Schools	3,166,810	3,198,478	3,262,448	3,340,746
Transport Costs	290,010	292,910	298,768	305,939
Supplies and Services	24,173,575	24,415,311	24,903,617	25,501,304
Members Allowances	682,200	689,022	695,912	706,351
Fire Service Levy	3,190,810	3,318,442	3,384,811	3,466,047
Other Levies	3,370	3,370	3,370	3,370
Council Tax Reduction Scheme	5,800,370	5,974,381	6,213,356	6,586,158
HRA Recharge	- 621,950	- 628,170	640,733	- 656,110
Contingencies	2,038,927	974,576	497,328	406,864
Capital Financing Costs - MRP	3,843,422	4,265,859	4,180,017	4,178,857
Capital Financing Costs - Interest	4,608,535	4,683,850	4,750,025	4,667,991
Total Other Council Expenditure	49,387,939	49,358,723	49,692,550	50,632,457
TOTAL GROSS EXPENDITURE	160,328,124	164,847,592	166,677,514	169,520,016
Income				
Grants / Public Bodies Reimbursements	- 21,594,520	- 21,810,465	- 22,246,675	- 22,780,595
Statutory Income	- 2,251,710	- 2,274,227	- 2,319,712	- 2,375,385
Non Statutory Income	- 12,444,440	- 12,817,773	- 13,330,484	- 13,863,703
Total Income	36,290,670	36,902,466	37,896,870	39,019,683
TOTAL NET EXPENDITURE	124,037,454	127,945,127	128,780,644	130,500,333
Savings Brought Forward from Previous Year	-	-	3,495,959	- 5,384,357
REVISED TOTAL NET EXPENDITURE	124,037,454	127,945,127	125,284,685	125,115,976

Revenue Expenditure	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Funded By:				
Revenue Support Grant	- 70,619,353	- 70,195,637	- 68,370,550	- 66,524,545
Non Domestic Rates	- 21,308,694	- 21,180,842	- 20,630,140	- 20,073,126
Council Tax	- 32,109,407	- 33,072,689	- 34,395,597	- 35,771,421
TOTAL FUNDING	- 124,037,454	- 124,449,168	- 123,396,287	- 122,369,092
Savings Required	-	3,495,959	1,888,398	2,746,884

	APPENDIX 3		
	Final Assumptions		
	2017/18	2018/19	2019/20
Teachers Pay Award	1.0%	1.0%	1.5%
Teachers Pension	0.0%	0.0%	0.0%
NI Rates	0.0%	0.0%	0.0%
Non Teaching Pay Award	1.0%	1.0%	1.5%
Non Teaching Pension	0.0%	0.0%	0.0%
Staff Turnover Adjustment	-1.5%	0.0%	0.0%
Car Allowance Inflation	0.0%	0.0%	1.0%
CPI	1.0%	2.0%	2.4%
RPI	2.0%	3.0%	3.4%
Energy Inflation	1.0%	1.2%	1.4%
Energy Usage	-5.0%	-5.0%	-5.0%
Non Statutory Income	3.0%	4.0%	4.0%
Children's Placement Caseload	-3.5%	-2.0%	-2.5%
Out County School Placements	0.0%	0.0%	0.0%
Homelessness Caseload	0.0%	0.0%	0.0%
Refuse Disposal Tonnage	-1.0%	-2.0%	-3.0%
CTRS Caseload	0.0%	0.0%	2.0%
Interest Rates Increase	0.0%	0.5%	1.0%
Fire Levy	4.0%	2.0%	2.4%
Other Levies	0.0%	0.0%	0.0%
AEF Projections	-0.6%	-2.6%	-2.7%
Council Tax Increase	3.0%	4.0%	4.0%
Refuse Collection	2.0%	3.0%	3.4%
Refuse Disposal	2.0%	3.0%	3.4%
Landfill Tax	1.0%	2.0%	2.4%
Highway Maintenance	2.0%	3.0%	3.4%
School Meals	2.0%	3.0%	3.4%
School Transport	2.0%	3.0%	3.4%
Public Service Bus Contracts	2.0%	3.0%	3.4%