

**BUSINESS PLAN REVENUE PROPOSALS 2015-20**

*To:* **Highways and Community Infrastructure Committee**

*Meeting Date:* **28 October 2014**

*From:* **Graham Hughes, Executive Director, Economy, Transport and Environment  
Chris Malyon, Chief Finance Officer**

*Electoral division(s):* **All**

*Forward Plan ref:* **Not applicable**      *Key decision:* **No**

*Purpose:* **This report provides the Committee with an overview of the draft Business Plan Revenue Proposals for Economy, Transport and Environment**

*Recommendation:*

- a) It is requested that the Committee note the overview and context provided for the 2015-20 Revenue Proposals for Economy, Transport and Environment**
- b) It is recommended that the Committee comment on the draft proposals for Economy, Transport and Environment's 2015-20 revenue budgets to allow further development prior to presentation to Committee again in November.**

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## 1. OVERVIEW

- 1.1 The Council's Business Plan sets out how we will spend our money to achieve our vision and priorities for Cambridgeshire. Like all Councils across the country, we are facing a major challenge. Our funding is reducing at a time when demand on our services and our costs continue to rise significantly due to inflationary and demographic pressures. This means that despite the way in which we have been able to stimulate local economic growth, and the improving national economy, the financial forecast for the Council continues to present huge challenges.
- 1.2 The Council has now seen a number of years of trying to protect frontline services in the midst of reducing Government funding. Looking back we have saved £70m in the last two years and are on course to save a further £31m this year. Over the coming five years the decisions will become even more challenging. The Council is now in a position of having to consider what might previously have been considered unthinkable. The choices are stark and unpalatable but these very difficult decisions will need to be made as the Council has a duty to provide the best possible services for Cambridgeshire's communities alongside a statutory responsibility to set a balanced budget each financial year. It is the Chief Finance Officer's statutory role to provide a statement on the robustness of the budget proposals when they are considered by Council in February.
- 1.3 The Council undertakes financial planning of its revenue budget covering a five year timescale that creates links with its longer term financial modelling and planning for growth. This paper presents an overview of the proposals being put forward as part of the Council's draft revenue budget.
- 1.4 Funding projections have been updated based on the latest available information to provide a current picture of the total resource available to the Council. At this stage in the year projections remain fluid and will, therefore, be reviewed as more accurate data becomes available.
- 1.5 The Council issues cash limits for the period covered by the Business Plan (rolling five years) in order to provide clear guidance on the level of resources that Directorates are likely to have available to deliver services over that period. To maintain stability for services and committees as they build their budgets we will endeavor to minimise variation in cash limits during the remainder of the process unless there is a material change in the budget gap.

## 2. BUILDING THE REVENUE BUDGET

- 2.1 The Council currently operates an incremental approach to revenue budgeting. Changes to the previous year's budget are put forward as individual proposals for consideration by committees, General Purposes Committee and ultimately Full Council. Proposals are classified according to their type, as outlined in **Appendix B**, accounting for changes to the forecasts of inflation, demography, and service pressures, such as new legislative requirements that have resource implications, as well as savings.
- 2.2 The process of building the budget begins by identifying the cost of providing a similar level of service to the previous year. The previous year's budget is adjusted for the Council's best forecasts of the cost of inflation and the cost of

changes in the number and level of need of service users (demography). Known pressures and proposed investments are then added and the total expenditure level is compared to the available funding. Where funding is insufficient to cover expenditure, the difference is apportioned across services as a savings requirement in order to balance the budget.

- 2.3 The budget proposals being put forward include revised forecasts of the expected cost of inflation following a detailed review of inflation across all services at an individual budget line level. Inflation indices have been updated using the latest available forecasts and applied to the appropriate budget lines. Inflation can be broadly split into pay, which accounts for inflationary costs applied to employee salary budgets, and non-pay, which covers a range of budgets, such as energy, waste, etc. as well as a standard level of inflation based on government Consumer Prices Index (CPI) forecasts. Key inflation indices applied to budgets are outlined in the following table:

<b>Inflation Range</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Standard non-pay inflation	2.0%	2.0%	2.0%	2.0%	2.0%
Other non-pay inflation (average of multiple rates)	2.8%	3.4%	3.4%	3.4%	3.4%
Pay (admin band)	1.5%	2.0%	2.0%	2.0%	2.0%
Pay (management band)	1.5%	2.0%	2.0%	2.0%	2.0%
Employer pension contribution (average of admin and management band)	8.2%	5.5%	0.0%	3.3%	3.2%

- 2.4 Forecast inflation, based on the above indices, is as follows:

<b>Service Block</b>	<b>2015-16 £'000</b>	<b>2016-17 £'000</b>	<b>2017-18 £'000</b>	<b>2018-19 £'000</b>	<b>2019-20 £'000</b>
Children, Families and Adults	6,331	6,358	5,705	5,942	5,868
Children, Families and Adults (DSG funded)	351	378	401	400	400
Economy, Transport and Environment	1,106	1,230	1,046	1,080	1,040
Economy, Transport and Environment (Waste PFI)	798	855	892	945	977
Public Health	291	308	312	321	310
Corporate and Managed Services	448	406	368	385	386
LGSS Operational	330	328	222	271	256
<b>Total</b>	<b>9,655</b>	<b>9,863</b>	<b>8,946</b>	<b>9,344</b>	<b>9,237</b>

- 2.5 A review of demographic pressures facing the Council has been undertaken by the Research Group in conjunction with Services and Finance. The term demography is used to include all demand changes arising from increased numbers (e.g. clients services, road kilometres); increased complexity (e.g., more intensive packages of care as clients age); and any adjustment for previous years where demography has been under/overestimated. Forecast demography is as follows:

Service Block	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Children, Families and Adults	8,973	9,433	9,642	9,617	10,016
Economy, Transport and Environment	534	315	450	523	474
Public Health	76	169	160	159	159
Corporate and Managed Services	13	17	17	17	18
<b>Total</b>	<b>9,596</b>	<b>9,934</b>	<b>10,269</b>	<b>10,316</b>	<b>10,667</b>
Percentage cost increase	2.1%	2.2%	2.3%	2.4%	2.5%

- 2.6 These figures compare with an underlying population growth of around 1.7% per year (a total increase of 9.0% between 2014-15 and 2019-20). The difference is due to faster growth in certain client groups; changes in levels of need and catch up from previous years.
- 2.7 The Council is facing some cost pressures that cannot be absorbed within the base funding of services. These were reported to General Purposes Committee in September who agreed to note the pressures. Some of the pressures relate to costs that are associated with the introduction of new legislation and others as a direct result of contractual commitments. The implication of these will need to be considered as the business plan develops.

Service Block / Description	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000
CFA: Young Carers – assessments and support	175	-	-	-	-
CFA: Deprivation of Liberty Standards	2,340	-1,540	-	-	-
CFA: Emergency Duty Team	300	-	-	-	-
CFA: Older People Service	3,000	-	-	-	-
ETE: City Deal - Adult Learning Skills	200	-	-	-	-
ETE: Waste PFI	916	336	319	341	-59
CS: Business Planning Support	50	-	-	-	-
CS: Reinstatement of Voluntary Sector Infrastructure Budget	48	-	-	-	-
CS: Exploitation of Digital solutions ( <i>investment</i> )	258	-	-258	-	-
<b>Total</b>	<b>7,282</b>	<b>-1,204</b>	<b>61</b>	<b>341</b>	<b>-59</b>

- 2.8 The Council recognises that effective transformation often requires up-front investment and has considered both existing and new investment proposals that we fund through additional savings during the development of this Business Plan. The table below outlines investments by service. Note that negative figures indicate the removal of an investment from a previous year.

Service Block	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Children, Families and Adults	-574	-64	-174	-	-
Economy, Transport and Environment	120	274	18	95	-
Public Health	400	-	-	-	-
Corporate and Managed Services	-350	-205	-75	-50	-
<b>Total</b>	<b>-804</b>	<b>5</b>	<b>-231</b>	<b>45</b>	<b>-</b>

Note: The figures for Corporate and Managed Services do not include the proposed Exploitation of Digital solutions investment already shown in paragraph 2.7.

### 3. SUMMARY OF THE DRAFT REVENUE BUDGET

- 3.1 In order to balance the budget in light of the cost increases set out in the previous section and reduced Government funding, savings of £33.1m are required for 2015-16, and a total of £121.7m across the full five years of the Business Plan. The following table shows the total amount of savings / increased income necessary for each of the next five years, split by service block.

Service Block	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Children, Families and Adults	-25,904	-25,232	-19,332	-16,309	-7,131
Economy, Transport and Environment	-4,433	-4,839	-3,614	-2,585	-1,221
Public Health	-764	-91	-135	-780	-412
Corporate and Managed Services	-966	-2297	-704	-345	-565
LGSS Operational	-1,043	-744	-1,039	-788	-388
<b>Total</b>	<b>-33,110</b>	<b>-33,203</b>	<b>-24,824</b>	<b>-20,807</b>	<b>-9,717</b>

- 3.2 In some cases, services' locally generated income has been increased instead of cutting expenditure but this is not always possible due to the nature of services and legislative constraints. For the purpose of balancing the budget these two approaches have the same effect and are treated in the same way.
- 3.3 This report forms part of the process set out in the Medium Term Financial Strategy whereby the Council updates, alters and refines its revenue proposals in line with new savings targets. New proposals are developed by services to meet any additional savings requirement and all existing schemes are reviewed and updated before being presented to service committees for further review during October.
- 3.4 Delivering the level of savings required to balance the budget becomes increasingly difficult each year. At this point in the Business Planning Process proposals are still being developed to deliver the following currently unidentified savings:

Service Block	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Children, Families and Adults	-5,926	-12,653	-11,123	-15,909	-6,730
Children, Families and Adults (DSG funded)	-	-378	-401	-400	-400
Economy, Transport and Environment	-	-996	-606	-2,579	-1,221
Public Health	-	-	-	-	-
Corporate and Managed Services	-	-275	-77	-50	-286
LGSS Operational	-	-	-	-	-388
<b>Total</b>	<b>-5,926</b>	<b>-14,302</b>	<b>-12,207</b>	<b>-18,938</b>	<b>-9,026</b>

- 3.5 Proposals will be revised to take into account feedback from October service committees and new proposals added to deliver the currently unidentified savings relating to 2015-16. Firm spending plans will be considered by service committees in November. GPC will also review the overall programme in November, before recommending the programme in January as part of the overarching Business Plan for Full Council to consider in February.

#### 4. OVERVIEW OF ECONOMY, TRANSPORT AND ENVIRONMENT'S DRAFT REVENUE PROGRAMME

- 4.1 This report covers proposals relating to both the Economy and Environment (E&E) Committee and the Highways and Community Infrastructure (H&CI) Committee, in order to provide the full context of the Economy, Transport and Environment (ETE) budget.

##### New Pressures

- 4.2 As highlighted in 2.7 above, the Council's pressures were reported to General Purposes Committee in September, where it was agreed they would be considered by Service Committees alongside other revenue proposals.
- 4.3 The two new ETE pressures are separate to the proposals for savings and income generation. They are described below:

##### City Deal Adult Learning Skills - £200k

- This is needed to fund the training and the development of skills required to enable growth as part of the City Deal.

##### Waste PFI - £480k

- Differences in the cost of the Waste PFI have been corporately funded due to the size of the contract. In the 2014/15 Business Plan there was an expectation that there would be additional savings in the Waste PFI contract, partly by diverting 'Compost like Output' (CLO) away from landfill and an increase in third party income. The expectation of these savings and increased income have now diminished and instead of a potential saving of £436k in 2015/16, there are now increased costs of £480k compared to last year, meaning an overall change of £916k.

##### Financial Overview

- 4.4 The gross budget for ETE over the next five years (taken from the recently issued indicative cash limits) is as follows:

Service Block	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Economy, Transport and Environment	86,807	85,385	84,115	84,119	85,330

- 4.5 The savings targets for ETE over the next five years (taken from the recently issued indicative current cash limits) are as follows:

Service Block	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
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Economy, Transport and Environment	4,433	4,839	3,614	2,585	1,221	16,692
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- 4.6 When considering the required savings target for ETE, it is important to be aware of the structure of the ETE budget. Whilst the gross 2014/15 budget for ETE is over £86m, the figure from which savings can be made is much lower than this. Around a quarter of the budget is currently covered by income from charging for services. There are also a number of items that are fixed. In the case of the waste and street lighting PFIs for example, these are contractual payments to the service providers and in the short term at least, they cannot be varied. In the long term, however, officers are planning to perform a contract review of each of the PFIs, which are likely to produce savings. These are included in the list of savings proposals.
- 4.7 Another factor is concessionary fares, which is a demand led service that is a right of pass holders and the Council does not have the ability to alter what is paid out although the income we receive to fund this is fixed.
- 4.8 Combined, this means that the actual part of the ETE budget from which the savings noted in paragraph 4.5 can be made, is much smaller than the headline budget figure. This is shown in the table below which demonstrates that the 'flexible budget' from which savings can be made is £28.421m. Consequently, the combined savings target over the next five years (£16.692m) represents a very high proportion (around 59%) of this figure.

	2014/15
	£'000
<b>ETE Gross Budget</b>	<b>86,962</b>
Less: Grants and Income	-23,737
<b>ETE Net Budget</b>	<b>63,225</b>
Less: Waste PFI	-26,865
Streetlighting PFI	-2,479
Concessionary Fares	-5,460
<b>Flexible Budget</b>	<b>28,421</b>

- 4.9 Therefore, delivering the savings to meet these targets will be challenging and the impact on services of the savings should not be underestimated. It is likely this challenge will only increase as additional service pressures, potential interest rate increases, or potential increases in demography over and above those projected are identified during the Business Planning process.

## 5. REVENUE PROPOSALS

- 5.1 Following the 'Review of the Business Plan' paper that was considered by Highways and Community Infrastructure (H&CI) Committee in July, officers

have been developing detailed proposals to meet the savings requirements. These were considered in outline by E&E Committee and H&CI Committee at Business Planning workshops in August and during subsequent discussions with Members. As a result of this activity, the revenue savings and income generation proposals have been further revised.

- 5.2 As stated above, since the July Committee meetings and the August workshops, the draft cash limit for ETE has been reissued. This has increased the savings targets, meaning that an extra £563k was added to the required level of savings and income generation for 2015/16. The revised savings targets are shown in paragraph 3.1.

### **Our Approach**

- 5.3 ETE's overall approach is to transform place and community services across Cambridgeshire to deliver jobs, housing and new infrastructure, whilst supporting Cambridgeshire's residents and businesses by looking after infrastructure, investing in skills and encouraging active communities.
- 5.4 However, financial resources will reduce substantially over the plan period, so this cannot be done alone. ETE will therefore work with public sector partners and communities to re-design services and, where appropriate, reduce dependency on council funding. Increasingly limited funds will be targeted where they can be most effective and, by working with communities and businesses, ETE will seek to maximise the opportunities for all residents.
- 5.5 Given the restricted ETE flexible budget (£28.421m in 2014/15), the scale of these savings targets means there will be inevitable impact on service delivery, including potentially our ability to meet statutory obligations. However, opportunities to mitigate these implications have been identified, along with savings and income proposals to ensure we are providing the best services we can for residents.
- 5.6 The aim of the Business Plan review within ETE is to provide services that best meet communities' needs within available resources, and to achieve outcomes in terms of economic growth, protecting vulnerable people and encouraging independent living. Partnership working will be key to delivering the Plan. The following principles have been developed over recent months to help shape the proposed Business Plan for ETE:

Continue to **maximise income** through identifying all opportunities where it can legitimately be raised and ensuring we are fully covering our costs. We will explore new business models and opportunities arising from collaborative working.

**Extracting greater value from our major contracts** and ensuring that in commissioning services, our contractors are focused on delivering outcomes for communities.

**Redesign service models to create new ways of delivery** affordable for the longer term, by resizing and reshaping to fit the budgets available, resulting in significant, not incremental, change. The reviews could result in new and enhanced ways of working with communities to help them run services to best



suit their needs, through empowering communities and building on previous successes.

**Further develop joint service delivery**, working closely with partners in the area and beginning to identify where there are opportunities to deliver more efficiently and effectively together, rather than on our own.

Where practicable, **target resources at areas and communities with the greatest need to help close the deprivation gap**, whilst encouraging the more affluent communities to be less dependent on publically funded services.

Continue to identify areas currently funded from revenue that can be **charged to capital**.

**Withdraw from providing some services directly** but seek to develop alternative ways of making provision through working with other local authorities, the private sector and the third sector.

### **2015/16 Proposals**

- 5.7 To develop the proposals for 2015/16 and beyond, officers have considered service areas where a fundamental review of provision is possible and can contribute significant savings and a range of smaller incremental changes to other parts of the Directorate.
- 5.8 Four major service reviews have been identified and will contribute a significant proportion of our revenue savings required. These are areas where we have control over the methodology and outcomes of the reviews, for example, they are not dependent on partners, and where work will be carried out in discrete stages. The reviews will develop options for consideration by the responsible Committee. For the time being, the expected level of savings from these reviews are included in the overall savings proposals.
- 5.9 The four major service reviews are:
- Winter Maintenance (the gritting of roads in icy conditions)
  - Street Lighting Energy
  - Waste Management and Recycling
  - Library Service

### **Winter Maintenance**

The current budget is £2.2m and the savings proposed for 2015/16 are £750k. Savings would be achieved through efficiencies, including route optimisation to reduce the fleet, leasing vehicles and improved forecasting information. Further savings would be achieved by reducing network coverage, which is generally higher than similar authorities. This would result in covering approximately 30% of the county's road network, compared with the current level of approximately 45%. Main cycle routes would continue to be treated. However, some communities would no longer be served by gritted roads as a result of these changes. The 30% coverage is as low as officers would recommend the Council goes in reducing coverage.

## ***Street Lighting Energy***

The current budget for street lighting energy is £1.9m and the savings proposed for 2015/16 are £230k. The savings would be delivered by switching off streetlights in most residential areas across the County, i.e. roads that are part of the central management system, between at least midnight and 6 am and further reduction in lighting levels at other times, i.e. dimming lights by up to 70% of their maximum output. This represents a further 21% of the Council's resultant energy budget after the PFI has delivered 46% savings.

## ***Waste Management and Recycling***

The Council has a 28 year PFI contract with AmeyCespa. The cost of the contract in 2014/15 is £26.86m. The review will cover the Waste PFI contract, in conjunction with DEFRA. All options will be explored, including possible reductions in service levels, such as reduced hours or site closures at household recycling centres. The District Councils, as waste collection authorities, are key partners and the review will seek to engage these authorities through the RECAP partnership to work towards a joined up service. This saving represents 7.25% of that budget.

## ***Library Service Review***

The current budget is approx £4.5m, following a reduction of £2.5m since 2010. A comprehensive review of library services will seek to deliver substantial savings through the greater involvement of communities, linked to a reduction in Council provided services. Support will be targeted to areas of greatest need to reduce the deprivation gap and to build capacity in communities to help them take a greater role in running their local libraries and developing local hubs. The approach will build on good practice achieved by existing community run libraries and hubs. There will be further joint delivery of related services for communities delivered through hub libraries and further development of partnerships with other library authorities to maximise the use of resources. 2015/16 savings will focus on reducing the cost of larger libraries, reducing mobile services (whilst enhancing the voluntary 'Library at Home' service), reducing the stock fund, generating new income from the introduction of business support services in libraries, and making efficiencies in professional and support services. This will give a saving of approximately 1.5m (35%) over three years.

- 5.10 The full set of proposals for ETE is included in Appendix B. This is shaded to show the items that are within the remit of the Highways and Community Infrastructure Committee, which are included for information and completeness only and are not for debate at this Committee.
- 5.11 Community Impact Assessments (CIAs) have been completed for all 2015/16 proposals where applying the relevance test demonstrated there could be an impact on one of the protected characteristics. The set of CIAs is included at **Appendix C** and it is important that members consider these in conjunction with the details of the savings proposals as decisions start to be made on the business plan.
- 5.12 It should be noted that at this stage, these proposals are only for discussion

and final decisions on the Business Plan will not be made until Full Council considers it in February 2015. It is important, however, that Members give officers a clear steer on the acceptability of the proposals contained in this report in order for those proposals to be further developed or alternatives found. It should be noted that the savings targets are generally fixed and so the removal of any of the existing proposals will require replacement with savings proposals or income targets of the same amount, to ensure the cash limit balances overall.

- 5.13 As stated above, the required savings targets for 2016/17 have not been met. Based on current indicative cash limits, the current proposals result in a gap of £996k in 2016/17. During the process, the increased savings requirement in 2015/16 has led to proposals being rephased, with more moving into 2015/16 from the following year.
- 5.14 The H&CI Committee is asked to consider the proposals for 2016/17, taking into account that further work will need to take place in order to identify savings and income generation proposals to address the shortfall in 2016/17.

## **6. NEXT STEPS**

- 6.1 The table below sets out the activity over the coming months to build the Business Plan for 2015/6 and the next four years. We will update the Committee on progress throughout the coming months.

November	Committee considers final draft revenue proposals. Ongoing work to develop budget plan and deliver savings proposals.
December	Ongoing work to develop budget plan and deliver savings proposals.
January	General Purposes Committee review draft Business Plan for 2015/16.
February	Draft Business Plan for 2015/16 discussed by Full Council.
March	Publication of final CCC Business Plan for 2015/16. Ongoing work to deliver savings proposals.

## **7. ALIGNMENT WITH CORPORATE PRIORITIES**

### **7.1 Developing the local economy for the benefit of all**

The services discussed in this report play a significant role in enabling the Council to achieve this priority. If services are cut then the impact on communities across Cambridgeshire could be severe. Further details are contained in the CIAs.

## **7.2 Helping people live healthy and independent lives**

The services discussed in this report play a significant role in enabling the Council to achieve this priority. If services are cut then the impact on communities across Cambridgeshire could be severe. Further details are contained in the CIAs.

## **7.3 Supporting and protecting vulnerable people**

The services discussed in this report play a significant role in enabling the Council to achieve this priority. If services are cut then the impact on communities across Cambridgeshire could be severe. Further details are contained in the CIAs.

# **8. SIGNIFICANT IMPLICATIONS**

## **8.1 Resource Implications**

There are significant resource implications associated with the proposals set out in the current Business Plan and that we are considering for future years. Our proposals seek to ensure that we are using the most effective use of available resources across the range of ETE services. The implications of the proposals will be considered throughout the Business Planning process and the Committee will be fully informed of progress.

## **8.2 Statutory, Risk and Legal Implications**

The proposals set out in this report respond to the statutory duty on the Local Authority to deliver a balanced budget.

## **8.3 Equality and Diversity Implications**

The size of the financial challenge means that services will need to continue to seek to improve their effectiveness, but the level and range of services that can be provided is generally reducing. The scale of the savings requires a fundamental review and change of service provision that will lead to very different way of working across ETE Services compared to current arrangements. Further details are contained in the CIAs.

## **8.4 Engagement and Consultation Implications**

Our Business Planning proposals are informed by our knowledge of what communities want and need. They will also be informed by the County Council public consultation on the Business Plan and will be discussed with a wide range of partners throughout the process (some of which has begun already). Community Impact Assessments (CIAs) on those 2015/16 proposals where they are needed are attached to this paper for consideration by the Committee.

## **8.5 Localism and Local Member Involvement**

The proposals set out in this report, particularly in the latter years, are predicated on empowering communities (both geographical and of interest) to do more for themselves, as we shift our focus from meeting the needs of

individuals to supporting communities and families. As the proposals develop, we will have detailed conversations with Members about the impact of the proposals on their localities.

## 8.6 Public Health Implications

A number of the proposals within this report will have potential implications for public health. We are working closely with Public Health colleagues to ensure our emerging Business Planning proposals are aligned.

Source Documents	Location
The 2014/15 Business Plan	<a href="http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/90/business_plan_2014_to_2015">http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/90/business_plan_2014_to_2015</a>

## **APPENDIX A - EXPLANATION OF THE ETE BUSINESS PLANNING TABLES**

ETE has 6 finance tables in the Business Plan. Tables 1, 2 and 3 are appendices to this paper. Tables 4 and 5 cover capital.

**TABLE 1** presents the net budget split by policy line for each of the five years of the Business Plan. It also shows the revised opening budget and the gross budget, together with fees, charges and ring-fenced grant income, for 2015-16 split by policy line. Policy lines are specific areas within a service on which we report, monitor and control the budget.

The purpose of this table is to show how the net budget for a Service Area changes over the period of the Business Plan.

**TABLE 2** presents additional detail on the net budget for 2015-16 split by policy line.

The purpose of the table is to show how the budget for each policy line has been constructed: inflation, demography and demand, pressures, investments and savings are added to the opening budget to give the closing budget.

**TABLE 3** presents the gross budget and the detailed changes to the gross budget for the ETE core budget for each of the next 5 years. At the top it takes last year's gross budget (opening budget) and then adjusts for inflation, demography and demand, pressures, investments, savings, leaving you with the new total gross budget.

The funding section (near the bottom) then shows how the new total gross budget is funded – which includes central council funding (cash limit funding), fees and charges and specific grants.

The purpose of this table is to show how the ETE budget changes due to inflation, demography & demand, pressures, investments, and savings.

- Tables 1, 2, 3 and 6 all show the same revenue budgets in different presentations.
- Table 3 details all the savings and then Table 2 shows the impact of the Year 1 savings on each policy line.
- Table 1 shows the combined impact on each policy line over the 5 year period.
- Some savings in Table 3 impact on just one policy line in Tables 1 and 2, but other savings in Table 3 are split across various policy lines in Tables 1 and 2.