

ANNEX 5**Assumptions behind the Medium Term Financial Plan****Planned Expenditure**

1. The Medium Term Financial Plan (MTFP) allows for inflation, the effects of budget changes, efficiencies and savings and other allowed variations agreed in previous years. An analysis of the additional resources planned in 2010/11 for each Directorate and for the Strategic Measures budget is shown below.

Directorate	2009/10 Budget	Indicative Inflation	Function Changes	Previously Agreed Budget Changes	Current 2010/11 Budget
	£000	£000	£000	£000	£000
Children, Young People & Families	98,277	2,372	-74	673	101,248
Social & Community Services	166,800	4,012	0	1,672	172,484
Environment & Economy	68,631	1,647	0	287	70,565
Community Safety & Shared Services	29,908	743	0	-2,442	28,209
Corporate Core	9,426	229	0	117	9,772
Strategic Measures	33,078	0	0	4,767	37,845
Additional Efficiency Savings	0	0	0	-2,500	-2,500
Area Based Grant	-26,950	0	0	0	-26,950
Sum Available to Allocate	0	0	0	0	473
TOTAL	379,170	9,004	-74	5,074	391,146

Inflation

2. The MTFP allows for inflation at 2.5% on pay, 2.0% on non-pay, and 3.0% for Dedicated Schools Grant (DSG) budgets. Contracts such as Isis Accord and Home to School Transport, where above average inflation applies have also been allocated a higher rate of 3.0%. In some cases where contract inflation is above the 3.0% allowance, a further allocation has been agreed as a budget change.
3. A two-year pay award was agreed for teachers from September 2008, providing a 2.45% increase each year. The Green Book (local government workers) pay award for 2009/10 is out for consultation with the Unions. The final pay offer is a 1.0% increase (1.25% for pay point 4-10) and the Unions have until the 11 September to accept or their will be no increase for 2009/10.

Ongoing Budget Changes, Allowed Variations and Efficiencies & Savings

4. The MTFP allows for the ongoing effect of the budget changes and other variations agreed in 2006/07, 2007/08, 2008/09 and 2009/10. An analysis by Directorate is shown in the table below. Details of each budget change are shown in the Service and Resource Planning – Service Analysis 2009/10 publication, which can be found on the council's website. Some of the larger items are explained in the paragraphs following the table.
5. As part of the 2009/10 budget, Council agreed net budget changes of £3,348k to be made in 2010/11. The totals for each directorate are shown below.

Directorate	Budget Changes Agreed before 2009/10 £000	Budget Changes Agreed in 2009/10 £000	TOTAL £000
Children Young People & Families	-263	936	673
Social & Community Services	-616	2,288	1,672
Environment & Economy	305	-18	287
Community Safety & Shared Services	-2,256	-186	-2,442
Corporate Core	-211	328	117
Strategic Measures:			
Capital Financing	1,062	-889	173
Contribution to/from balances	1,100	5,400	6,500
Contribution to/from reserves	3,849	-5,755	-1,906
TOTAL	2,970	2,104	5,074

Children, Young People & Families

6. Previously agreed budget changes includes provision for home to school transport inflation over and above 3%, extending provision in special schools for post 16 year olds and one-off funding for the planning and preparation of Building Schools for the Future.

Social & Community Services

7. Budget changes include £2m to meet demographic pressures on Older People and Learning Disabilities.

Environment & Economy

8. Previously agreed budget changes include £1.2m for pressures relating to Landfill Tax and Landfill Allowance Trading Scheme (LATS).

Community Safety & Shared Services

9. The budget changes for Community Safety and Shared Services include the savings from the shared services centre as per the business case to meet their target for the medium term plan.

Corporate Core

10. Budget changes include some one-off funding for the ICT Strategy Investment Fund.

Additional Efficiencies and Savings

11. In 2010/11 and 2011/12, additional efficiencies and savings of £2.5m each year will need to be identified by directorates. This is to meet the value for money target set by the government and will also create additional headroom to allocate resources to priority areas.

Sum Available to Allocate

12. This is the amount of resources available to allocate to Council Priorities after all of the other changes set out above are made. It is the figure that balances planned expenditure to the estimated level of formula grant and council tax funding.