



FULL COUNCIL REPORT

Date Written	17 th November 2016
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Service Area	Finance
Exempt/Non Exempt	Non Exempt
Committee Date	30 th November 2016

To: Mayor, Ladies and Gentlemen

Revised Medium Term Financial Plan 2017/18 To 2020/21 – Progress Update

1.0 SUMMARY OF THE REPORT

- 1.1 The Provisional Welsh Local Government Settlement was announced on 19th October 2016 and resulted in a funding reduction of 0.5% for Merthyr Tydfil for the 2017/18 financial year.
- 1.2 The revised Medium Term Financial Plan 2016/17 to 2019/20 was approved at Council of 7th September 2016 and indicated a revised projected budget deficit of £4.671 million for 2017/18 and a projected budget deficit of £15.260 million for the period 2017/18 to 2019/20.
- 1.3 Further proposals were considered at Budget Board on 2nd November 2016 and Cabinet on 30th November 2016 resulting in revised budget deficit projections of £2.479 million for 2017/18 and £13.700 million for the period 2017/18 to 2019/20, and form the basis of this report to Council.
- 1.4 The revised budget projections assume 100% delivery of the strategic partnership budget reduction proposals of £1.748 million for 2017/18 and £3.256 million for the period 2017/18 to 2019/20.
- 1.5 The revised budget projections assume a Council Tax increase of 3.5% for the period of the Medium Term Financial Plan, as approved for 2016/17.

- 1.6 Further reports to Cabinet and Council will identify further budget reduction proposals in addressing the projected £2.479 million budget deficit for 2017/18.

2.0 RECOMMENDATIONS that

- 2.1 The Cabinet recommended Medium Term Financial Plan revisions detailed in paragraphs 5 to 8 and Appendices 3 to 4 be approved.
- 2.2 The Medium Term Financial Plan revisions detailed in paragraph 9 and Appendix 5 be noted as previously approved by Cabinet and through Delegated Authority.
- 2.3 Further proposals to address the revised budget deficit of £2.479 million for 2017/18 be identified and recommended to subsequent Cabinet and Council meetings for approval.

3.0 INTRODUCTION AND BACKGROUND

- 3.1 The Provisional Local Government Settlement for 2017/18 was announced on 19th October 2016 and is governed by the following characteristics:
- A total revenue funding increase for all Welsh Local Authorities of 0.09% (£3.788 million) from an adjusted 2016/17 base of £4.104 billion to £4.108 billion
 - A revenue funding reduction for Merthyr Tydfil of 0.5% (£446,000) from an adjusted 2016/17 base of £89.236 million to £88.790 million
 - Four Local Authorities, namely Merthyr Tydfil, Blaenau Gwent, Powys and Wrexham are supported by a “floor mechanism” whereby the Welsh Government ensures that no Local Authority experiences a funding reduction greater than 0.5%
 - Without the “floor mechanism” Merthyr Tydfil would have experienced a funding reduction of 1.16% equating to a further cash reduction of £585,000.
 - Merthyr Tydfil’s revenue settlement is ranked joint 19th (with the other three Local Authorities supported by the floor) of all 22 Welsh Local Authorities but 2nd best on a per capita basis
 - Funding formula and data set changes have resulted in Merthyr Tydfil moving from 4th best revenue settlement in 2016/17 to bottom four with protection in 2017/18
 - There is no formal Welsh Government mandated 1% cash protection commitment for schools
- 3.2 The summary Provisional Revenue Settlement for 2017/18 is included as Appendix 1 and is re-produced from the documentation received from the Welsh Government. In addition the Welsh Government paper in respect of changes to key data sets is included as Appendix 2. The Final Local Government Settlement is to be announced on 21st December 2016 with no material adjustments expected.

3.3 The Medium Term Financial Plan (MTFP) 2016/17 to 2019/20 was approved by Council on 23rd March 2016 and subsequently revised at Council on 7th September 2016 to reflect the following approved amendments:

- Unavoidable increased service demands
- Updated information
- Implementation of Foundation Living Wage
- Cessation of the South Wales Trunk Road Agent (SWTRA) contract
- Contributions from Earmarked Reserves
- Service outcome focused redesign
- Voluntary Early Retirement and Voluntary Redundancy
- Back Office Support and Strategic Corporate Services
- Increase in Fees and Charges
- Capitalisation of employee severance costs
- Amendment to the Minimum Revenue Provision (MRP) Policy
- Strategic partnership

3.4 The updated MTFP taking into account the approved amendments is summarised in Table 1, and indicated a revised budget deficit of £4.671 million for 2017/18 and a cumulative £15.260 million for the period 2017/18 to 2019/20.

Table 1 – Revised MTFP 2016/17 to 2019/20

Description	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Budget Deficit – Council 23rd March 2016	4,079	10,017	15,303	20,302
Proposed Corporate Adjustments	188	333	1,061	1,068
Approved Accounting Adjustments	-1,621	-1,585	-1,566	-796
Approved Budget Reductions	-1,792	-1,968	-1,914	-1,866
Further Corporate Budget Reduction Proposals	-610	-378	-461	-192
Strategic Partnership Budget Reduction Proposals	-244	-1,748	-2,956	-3,256
Revised Budget Deficit	0	4,671	9,467	15,260

3.5 Delivery of the budget reduction measures is monitored by the Change Management Board supported by the Change Management Steering Group with the Budget Board responsible for the monitoring of the Council's total Net Revenue Budget.

4.0 REVISED MEDIUM TERM FINANCIAL PLAN

4.1 A Medium Term Financial Plan is a rolling programme, continually evolving as further information and changing circumstances become known. The following identified changes are considered within this report:

- Implications of provisional settlement
- Schools' commitment
- Corporate growth requirements
- Corporate budget reductions
- Service outcome focused redesign

4.2 The financial impact of the above changes to the reported budget deficits for 2017/18 to 2019/20 are outlined in Table 2. It should be noted that the projected financial position for 2020/21 is currently being determined in establishing the MTFP for the 4 year period 2017/18 to 2020/21 and will be reported to a subsequent Cabinet and Council.

Table 2 – Revised Projected Budget Deficits 2017/18 to 2019/20

Description	2017/18 £'000	2018/19 £'000	2019/20 £'000
Budget Deficit – Council 7th September 2016	4,671	9,467	15,260
Implications of Provisional Settlement	-2,785	-2,290	-2,187
Schools' Commitment	1,166	1,419	1,651
Corporate Growth Requirements	1,811	1,796	1,779
Corporate Budget Reductions	-2,129	-2,597	-2,528
Service Outcome Focused Redesign	-255	-266	-275
Revised Budget Deficit	2,479	7,529	13,700

4.3 It is evident from Table 2 that the revised budget deficit is £2.479 million for 2017/18 and a projected £13.700 million for the 3 year period 2017/18 to 2019/20. It should be noted that the revised budget deficits assume 100% delivery of the strategic partnership budget reduction proposals of £1.748 million for 2017/18 and £3.256 million for the period 2017/18 to 2019/20 as outlined in Table 1.

4.4 The revised MTFP was presented at a special Budget Board meeting on 2nd November 2016 attended by Cabinet and Corporate Management Team and was considered at Cabinet on 30th November 2016. Further measures to address the remaining budget deficit will be presented to Cabinet and Council in due course.

4.5 Sections 5 to 9 consider in further detail the required revisions to the MTFP 2017/18 to 2019/20.

5.0 IMPLICATIONS OF PROVISIONAL SETTLEMENT

- 5.1 The Welsh Government's Provisional Local Government Settlement was announced on 19th October 2016 and resulted in a reduction in Aggregate External Finance (AEF) for 2017/18 of 0.5% for Merthyr Tydfil County Borough Council. No indications were provided in respect of indicative future year settlements thus inhibiting Local Authorities' ability to effectively plan over the medium term.
- 5.2 The MTFP impact from the provisional settlement is outlined in Table 3 and demonstrates increased spending power of £2.785 million for 2017/18.

Table 3 – Implications of Provisional Local Government Settlement

Description	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
<u>Aggregate External Finance (AEF)</u>				
Original MTFP	86,005	82,504	78,792	75,246
Provisional Settlement	88,790	84,794	80,979	77,334
Increase in AEF	-2,785	-2,290	-2,187	-2,088

- 5.3 The AEF consists of the total of Revenue Support Grant (RSG) and Redistributed Non Domestic Rates. Table 4 compares the budgeted AEF within the original MTFP with the revised finance assumptions included in the updated MTFP for 2017/18 to 2020/21.

Table 4 – Aggregate External Finance (AEF)

Description	2017/18 %	2018/19 %	2019/20 %	2020/21 %
Original Budgeted AEF	-3.57	-4.07	-4.50	n/a
Revised AEF	-0.50	-4.50	-4.50	-4.50

- 5.4 Although it is evident from Table 4 that the Council has provisionally received a better than anticipated revenue settlement for 2017/18, in the absence of indicative future years' settlements from the Welsh Government it is proposed that the AEF is estimated at a reduction of 4.5% for the period 2018/19 to 2020/21 owing to the following:
- The continuing austerity measures projected to be faced by Local Government over the medium term and the impact to potential future Local Government funding from continued financial pressures experienced in the National Health Service
 - The uncertainty surrounding the potential implications of Brexit
 - Welsh Government's indication that the 2017/18 revenue settlement is "as good as it gets" with potential significant reductions from 2018/19

- 5.5 It is important to re-emphasise that as recently as the Welsh Local Government Association Annual Conference on 3rd November 2016 the Welsh Government's Cabinet Secretary for Finance and Local Government, Mark Drakeford, forewarned Councils to expect even more significant reductions in Revenue Settlements for 2018/19 and beyond.

6.0 SCHOOLS' CASH PROTECTION COMMITMENT

- 6.1 In the announcement of the Provisional Local Government Settlement for 2017/18 there was no mention from the Welsh Government's Cabinet Secretary for Finance and Local Government of continued financial commitment to schools through the cash protection mechanism.
- 6.2 Previously Local Authorities were obliged to apply cash protection for schools at 1% above Welsh Government's funding from Central Government. Based on the Welsh Government's 2016/17 Draft Budget, schools' were previously advised of an indicative cash protection of 1.92% for 2017/18.
- 6.3 Application of an indicative 1.92% cash protection for 2017/18 results in a projected corporate financial commitment of £1.166 million for 2017/18 as indicated in Table 5.

Table 5 – Indicative Schools' Cash Protection Commitment

Description	2017/18 £'000	2018/19 £'000	2019/20 £'000
Pupil Number Growth – 2017/18	441	441	441
Cash Protection at 1.92% – 2017/18	725	725	725
Pupil Number Growth – Future Years	n/a	253	485
Cash Protection – Future Years	n/a	0	0
Total Schools' Commitment	1,166	1,419	1,651

- 6.4 The projected schools' commitment of £1.166 million for 2017/18 is still subject to review and will be finalised on completion of the Individual Schools Budget (ISB) calculation over the coming months.
- 6.5 At the Schools Forum on 9th November 2016 the Chief Finance Officer confirmed the requirement for schools to identify £200,000 budget reductions for 2017/18 as part of an ongoing efficiency programme in responding to the potential for the Welsh Government's cash protection commitment to be discontinued. This requirement was agreed by the Schools Forum on 25th May 2016 with its Task and Finish Group tasked with identifying opportunities for budget reductions.
- 6.6 Although no future years potential cash commitment is reflected in Table 5 it is recognised that the ISB requirement for 2018/19 and beyond will be calculated on the same basis as all non-school Council budgets reflecting pay awards, increased national insurance contributions, increased pension costs and salary incremental progressions.

7.0 CORPORATE GROWTH REQUIREMENTS

- 7.1 Managers have identified a number of additional expenditure requirements, considered unavoidable, for inclusion in the MTFP. These budget growth requirements are detailed in Appendix 3 and are summarised in Table 6.

Table 6 – Budget Growth Requirements

Description	2017/18 £'000	2018/19 £'000	2019/20 £'000
Net Transfers into the Settlement	47	47	47
New Responsibilities	93	93	93
Welsh Translations	45	45	45
Data Protection Officer	59	64	69
Apprenticeship Levy	263	266	268
Learning – Enhanced Provision	307	280	249
Learning – Special Recoupment	358	359	359
Looked After Children	210	210	210
Single Environment Grant	83	83	83
Miscellaneous Requests	346	349	356
Total Growth Requirements	1,811	1,796	1,779

- 7.2 It is evident from Table 6 that £1.811 million of corporate growth requirements are proposed for the 2017/18 financial year.
- 7.3 It is recognised that without reflecting these additional expenditure requirements within the MTFP the Council will face significant financial pressures in remaining within Budget for 2017/18 and the medium to long term. All growth requirements however are subject to ongoing review with any identified amendments, owing to updated information, reported in due course.

8.0 CORPORATE BUDGET REDUCTIONS

- 8.1 A number of corporate budget reduction initiatives are proposed in assisting the Council in meeting its financial commitments for 2017/18 and beyond. These are detailed in Appendix 4 and summarised in Table 7.
- 8.2 It is evident from Table 7 that £2.129 million of corporate budget reduction initiatives are proposed for the 2017/18 financial year.

Table 7 – Corporate Budget Reduction Initiatives

Description	2017/18 £'000	2018/19 £'000	2019/20 £'000
Balance Sheet Review	-1,000	-800	-600
Insurance Fund Review	-500	-500	0
Corporate Vacancy Factor	-100	-200	-200
Council Tax Reduction Scheme	-200	-200	-200
Pension Contributions	-304	-872	-1,503
Holiday Pay	-25	-25	-25
Total Corporate Budget Reductions	-2,129	-2,597	-2,528

- 8.3 In addressing the requirements of 'The Well-being of Future Generations (Wales) Act 2015', the sustainability of all proposals has been considered in minimising the potential impact on future Budgets.

9.0 SERVICE OUTCOME FOCUSED REDESIGN

- 9.1 Outcome Focused Redesign of services considers the outcomes the Council is aiming to achieve and the most appropriate method of delivery. It defines the Council's "to be" state and underpins the whole Change Management Programme. This exercise is fundamental in addressing the Council's projected budget deficit for the 4 year period of the MTFP by ensuring decisions are linked to the Council's strategic ambitions.
- 9.2 Further outcome focused redesign initiatives are detailed in Appendix 5 and summarised in Table 8. It should be noted that these initiatives have already been approved by Cabinet and through delegated authority.

Table 8 – Outcome Focused Redesign Initiatives

Description	2017/18 £'000	2018/19 £'000	2019/20 £'000
Relocation of the Highways Depot	-135	-135	-135
Voluntary Early Retirement	-120	-131	-140
Total Initiatives	-255	-266	-275

- 9.3 It is evident from Table 8 that £255,000 further budget reductions have been identified for 2017/18 and reflected within the MTFP.

10.0 COUNCIL TAX ASSUMPTIONS

- 10.1 The projected available funding and associated budget deficits over the term of the MTFP as indicated in Table 2 are based on the following Council Tax assumptions:
- Council Tax increase of 3.5% per annum (as per 2016/17 actual)
 - Council Tax collection rate of 96%
 - Council Tax base of 17,896.23 (as per 2016/17 actual)
- 10.2 A 1% increase or reduction in the Council Tax increase for 2017/18 would reduce or increase the budget deficit by £250,000 respectively.

11.0 FINANCIAL IMPLICATION(S)

- 11.1 The revised MTFP for 2017/18 to 2019/20 currently projects a budget deficit of £2.479 million for 2017/18 and £13.700 million for the period 2017/18 to 2019/20.
- 11.2 The revised budget deficits assume 100% delivery of the strategic partnership budget reduction proposals of £1.748 million for 2017/18 and £3.256 million for the period 2017/18 to 2019/20.

12.0 SINGLE INTEGRATED PLAN AND SUSTAINABILITY IMPACT SUMMARY

- 12.1 The Single Integrated Plan and Sustainability Impact Assessment has been completed and the proposals positively impact on the Financial Sustainability of Public Services.

13.0 EQUALITY IMPACT ASSESSMENT

- 13.1 An Equality Impact Assessment (EqIA) form has been prepared for the purpose of this report. It has been found that a full assessment is not required at this time. The form can be accessed on the Council's website/intranet via the 'Equality Impact Assessment' link.

GARETH CHAPMAN
CHIEF EXECUTIVE

COUNCILLOR PHIL WILLIAMS
CABINET MEMBER FOR GOVERNANCE
AND CORPORATE SERVICES

BACKGROUND PAPERS		
Title of Document(s)	Document(s) Date	Document Location
Medium Term Financial Plan 2016/17 to 2019/20	Council 23 rd March 2016	Council agenda and minutes / Finance Department
Medium Term Financial Plan 2016/17 to 2019/20 – Progress Update	Council 7 th September 2016	Cabinet agenda and minutes / Finance Department
Provisional Local Government Settlement 2017/18	Announced 19 th October 2016	Finance Department
Medium Term Financial Plan 2017/18 to 2020/21 - Presentation	Budget Board 2 nd November 2016	Finance Department
Revised Medium Term Financial Plan 2017/18 to 2020/21 – Progress Update	Cabinet 30 th November 2016	Cabinet agenda and minutes / Finance Department
Medium Term Financial Plan / Budget Working Papers	March 2016 to July 2016	Finance Department
Does the report contain any issue that may impact the Council's Constitution?		No

Consultation has been undertaken with the Corporate Management Team in respect of each proposal(s) and recommendation(s) set out in this report.

WELSH LOCAL GOVERNMENT SETTLEMENT 2017-18

Provisional

Table 1a: Change in Aggregate External Finance (AEF) plus top-up funding, adjusted for transfers, by Unitary Authority

£000s

Unitary authority	2016-17 final Aggregate External Finance plus top-up funding	2017-18 provisional Aggregate External Finance plus top-up funding	Percentage difference	Rank
Isle of Anglesey	91,975	92,289	0.3%	7
Gwynedd	167,028	168,590	0.9%	1
Conwy	149,508	150,101	0.4%	6
Denbighshire	139,677	140,349	0.5%	4
Flintshire	184,835	184,989	0.1%	10
Wrexham	169,856	169,007	-0.5%	19
Powys	170,503	169,650	-0.5%	19
Ceredigion	97,056	97,808	0.8%	2
Pembrokeshire	156,973	156,599	-0.2%	16
Carmarthenshire	251,810	251,794	0.0%	12
Swansea	307,936	309,385	0.5%	5
Neath Port Talbot	205,682	206,797	0.5%	3
Bridgend	187,608	187,513	-0.1%	13
The Vale Of Glamorgan	150,521	150,169	-0.2%	15
Rhondda Cynon Taf	353,944	354,778	0.2%	9
Merthyr Tydfil	89,236	88,790	-0.5%	19
Caerphilly	263,424	262,693	-0.3%	17
Blaenau Gwent	109,310	108,764	-0.5%	19
Torfaen	129,365	128,747	-0.5%	18
Monmouthshire	91,599	91,622	0.0%	11
Newport	209,247	209,013	-0.1%	14
Cardiff	426,539	427,976	0.3%	8
Total Unitary Authorities	4,103,632	4,107,420	0.1%	

Changes in Key Datasets 2017-18

Provisional

Dataset	Merthyr Tydfil				Wales		
	2016-17 Final	2017-18 Provisional	% Difference	Rank	2016-17 Final	2017-18 Provisional	% Difference
Population - 2014-based	60,077	59,180	-1.5%	18	3,131,170	3,116,371	-0.5%
Pupil Numbers - Nursery and Primary	5,211	5,278	1.3%	13	257,423	261,391	1.5%
Pupil Numbers - Secondary in year groups 7-11	2,906	2,856	-1.7%	16	158,384	156,986	-0.9%
Free School Meals - Primary	1,113	1,074	-3.5%	15	47,125	46,265	-1.8%
Free School Meals - Secondary	667	614	-7.9%	22	27,664	27,055	-2.2%
Children in out of work families	3,600	3,400	-5.6%	19	138,700	133,400	-3.8%
Total IS/ JSA/ PC/UC (not in employment) claimants - 18 to 64	3,586	2,916	-18.7%	15	129,068	106,468	-17.5%
Total IS/ JSA/ PC claimants - 65+	2,583	2,493	-3.5%	2	127,130	121,761	-4.2%
Total IS/ JSA/ PC/UC (not in employment) claimants - all ages	6,180	5,417	-12.4%	21	256,860	228,789	-10.9%
SDA/DLA/PIP claimants - 18 to 64	3,763	3,893	3.4%	17	138,725	145,035	4.5%

Where:

IS = Income Support

JSA = Job Seekers Allowance

PC = Pension Credit

UC = Universal Credit

SDA = Severe Disablement Allowance

DLA = Disability Living Allowance

PIP = Personal Independence Payment

Revised Medium Term Financial Plan 2017/18 to 2020/21
Corporate Growth Requirements

Description	2017/18 £'000	2018/19 £'000	2019/20 £'000
<p>Transfers In to and Out of the Settlement Funding previously provided as specific grants has been transferred into the settlement for 2017/18, namely:</p> <ul style="list-style-type: none"> • Social Services Delivering Transformation Grant (£61,959) • Deprivation of Liberty Standards Safeguards (£3,165) • Blue Badge Scheme Additional Funding (£230) • Food Hygiene Rating Scheme (£1,249) <p>In addition a change in the arrangements for the registration of the education workforce has resulted in a transfer out of the settlement monies formerly provided for teacher registration fee subsidies (£19,328)</p>	47	47	47
<p>New Responsibilities There are two new responsibilities included within the Settlement:</p> <ol style="list-style-type: none"> 1. £86,379 to fund the commitment to increase the capital limit for charging for residential care from £24,000 to £30,000 2. £6,444 to fund the commitment to fully disregard the War Disablement Pension in financial assessments for social care. 	93	93	93
<p>Welsh Translations Additional costs arising from compliance with statutory Welsh Language Standards as reported to Council, most recently 7th September 2016.</p>	45	45	45
<p>Data Protection Officer Creation of a Data Protection Officer post in compliance with the General Data Protection Regulations 2016 as approved by Council 28th September 2016</p>	59	64	69

Revised Medium Term Financial Plan 2017/18 to 2020/21
Corporate Growth Requirements

Description	2017/18 £'000	2018/19 £'000	2019/20 £'000
<p>Apprenticeship Levy This relates to the introduction of a UK Government employment tax on 06 April 2017, introduced through the 2016 Finance Bill, to finance apprenticeships. It applies to all Employers (public, private and third sector) with a pay bill in excess of £3 million. The levy is calculated as 0.5% of the pay bill less an allowance of £15,000 per year.</p>	263	266	268
<p>Learning – Enhanced Provision Relates to additional learning needs within schools. Current financial pressures in respect of 2016/17 were reported to Cabinet on 27th July 2016 and 16th November 2016. In addition, both the Cabinet Member and Chief Officer for Learning attended the Budget Boards of August and October 2016 to explain the reasons for the financial pressures.</p>	307	280	249
<p>Learning – Special Recoupment Relates to additional placements and increased transport costs in respect of out of county placements for children with special needs. Current financial pressures in respect of 2016/17 were reported to Cabinet on 27th July 2016 and 16th November 2016. In addition, both the Cabinet Member and Chief Officer for Learning attended the Budget Boards of August and October 2016 to explain the reasons for the financial pressures.</p>	358	359	359
<p>Looked After Children This reflects financial pressures resulting from additional residential placements within the 'Looked After Children' system. Current financial pressures in respect of 2016/17 were reported to the Budget Boards of September and October 2016 and Cabinet of 16th November 2016. In addition, both the Cabinet Member and Chief Officer for Social Services attended the October Budget Board to explain the reasons for the financial pressures.</p>	210	210	210

Revised Medium Term Financial Plan 2017/18 to 2020/21
Corporate Growth Requirements

Description	2017/18 £'000	2018/19 £'000	2019/20 £'000
Single Environment Grant Reflects a 6.72% reduction in the all Wales figure for 2017/18. MTCBC's allocation yet to be confirmed.	83	83	83
Miscellaneous Requests Relates to growth requests received from service managers. Currently subject to further review, scrutiny and challenge.	346	349	356
Total	1,811	1,796	1,779

Revised Medium Term Financial Plan 2017/18 to 2020/21
Corporate Budget Reductions

Description	2017/18 £'000	2018/19 £'000	2019/20 £'000
<p>Balance Sheet and Bad Debt Provision Review Relates to the following initiatives:</p> <ul style="list-style-type: none"> • Re-classification of accounts from debtors and creditors to earmarked reserves within the 2015/16 accounts closure process. • Proposed revision to the bad debt provision from the current methodology based on fixed percentages linked to the age of outstanding debt to one encompassing a review of trend data. To be introduced for the 2016/17 closure of accounts exercise. • Review and consolidation of existing earmarked reserves <p>It is projected that a potential £3 million is available to assist with the medium term budget process for the next 5 years based on a £200,000 per annum reduction in contribution.</p>	-1,000	-800	-600
<p>Insurance Fund Review A review incorporating insurance claims trends and projections together with Insurance Fund comparisons with all Welsh Local Authorities has concluded that no insurance fund injection is required for 2017/18 to 2018/19. This proposal will reduce the Insurance Fund from a balance of £2.031 million at 31st March 2016 to a projected balance of between £1.031 million and £1.331 million at 31st March 2019. This is deemed satisfactory as an Insurance Provision totalling £1.030 million at 31st March 2016 also exists to meet the Council's currently known outstanding insurance claims obligations.</p>	-500	-500	0
<p>Corporate Vacancy Factor Relates to savings resulting from the time elapsing between core funded posts becoming vacant and being filled. Proposal to increase budget from £200,000 to £300,000 for 2017/18 and from £100,000 to £300,000 from 2018/19. Surplus outturn reported to Cabinet of 27th July 2016 and 16th November 2016 and Budget Board throughout 2016/17.</p>	-100	-200	-200

Revised Medium Term Financial Plan 2017/18 to 2020/21
Corporate Budget Reductions

Description	2017/18 £'000	2018/19 £'000	2019/20 £'000
<p>Council Tax Reduction Scheme Budget reductions owing to reducing caseloads in respect of eligible demand for assistance with council tax payments as reported to Cabinet on 27th July 2016 and 16th November 2016 and Budget Board throughout 2016/17. Caseload has reduced from 7,708 at 30th September 2013 to 6,920 at 30th September 2016.</p>	-200	-200	-200
<p>Pension Contributions Valuation of the Rhondda Cynon Taf Pension Fund by the Fund's actuary Aon Hewitt October 2016 has resulted in proposed employer's pension contributions as follows:</p> <ul style="list-style-type: none"> • 2017/18 at 27.9% (budgeted 29.1%) • 2018/19 at 28.55% (budgeted 32.0%) • 2019/20 at 29.2% (budgeted 35.0%) <p>The budgeted figures within the Medium Term Financial Plan reflected the actuary's Fund outlook in November 2015. The pension contribution for 2016/17 is 25.5%.</p>	-304	-872	-1,503
<p>Holiday Pay Reduction in original estimate of £125,000 for holiday pay for employees regularly working above contracted hours.</p>	-25	-25	-25
Total	-2,129	-2,597	-2,528

Revised Medium Term Financial Plan 2017/18 to 2020/21
Service Outcome Focused Redesign

Description	2017/18 £'000	2018/19 £'000	2019/20 £'000
Relocation of the Highways Depot Net saving by sharing depot with Rhondda Cynon Taf CBC (cost of £15,000) on exercising the break clause within the lease agreement for the existing depot at Unit 20 – approved by Cabinet 27 th July 2016.	-135	-135	-135
Education and Admissions Voluntary Early Retirement delegated authority July 2016	-22	-30	-37
Additional Learning Needs Reconfiguration Voluntary Early Retirement delegated authority October 2016	-98	-101	-103
Total	-255	-266	-275