

Table 2 shows a summary of the high level 3-year plan for core funded services.

<u>Table 2</u>	2026-27		2027-28		2028-29	
	£m	£m	£m	£m	£m	£m
<u>Spending Growth</u>		168.3		107.0		294.6
Cost drivers	33.5		37.6		31.3	
Demand drivers	24.2		24.0		23.2	
Price uplifts	28.2		32.0		30.6	
Base Budget Changes	40.6		4.0		=	
High Needs deficit					183.4	
Other	41.8		9.4		26.1	
<u>Changes in Funding</u>		-123.2		-48.1		-50.1
Council Tax	-51.0		-7.6		-10.5	
Government Settlement	-72.2		-40.5		-39.6	
<u>Savings/Income</u>		-49.0		-13.1		-17.1
Transformation	-10.8		-4.9		-8.8	
Efficiency	-8.3		-2.6		-0.4	
Income	-11.9		-7.8		-7.0	
Financing	-7.0		7.9		-	
Policy	-10.9		-5.7		-1.0	
<u>Net Change in Reserves</u>		3.9		8.6		-11.9
<u>Unresolved Balance</u>		Nil		54.4		32.0
<u>DSG Deficit</u>						183.4

Definitions of Table 2 entries:

Spending growth

Demand drivers include forecasts for increases in client numbers and activity levels e.g. rising pupil numbers in home to school transport. Cost drivers include non-inflationary cost increases due to market availability, higher cost of new client placements and forecast increases from retendering contracts. Price uplifts include forecasts for contractual index linked uplifts and negotiated increases and impacts on totality of current spending covered by contracts. Other includes reflecting the full year effect of the current year's budget variances (ups and downs), provision for staff pay, any impact of government or legislative changes, any removal or reduction in specific grants and any service strategies and improvements.

Savings and Income

In considering savings it is worth distinguishing between savings which relate to reducing current recurring spend and future cost avoidance from bearing down on growth (this is cost avoidance). Both amount to the same end outcome of reducing future spending from what it would otherwise have needed to be without action and intervention but are achieved by different means.

Transformation savings relate to a dedicated programme of changes to service delivery, with the aim of doing more or improving service delivery at less cost. Efficiency and productivity savings relate to providing the same level of service with minimal change in outcomes but at less cost. Income relates to increases in charges for services. Financing savings relate to changes in non-attributable costs, like reductions in borrowing costs. Policy savings relate to changes in the level of service / outcomes for service users at less cost, and these normally require Member decision.

Net Change in Reserves

The net change in reserves as they affect the budget includes removing previous year's contributions and drawdowns as well as additional contributions and drawdowns planned in each year of the plan. The movement in the level of reserves would only include these planned future contributions and drawdowns.