

Money Matters
Financial Outlook for the County Council
Medium Term Financial Strategy &
Reserves as at 31st December 2018

www.lancashire.gov.uk

Lancashire

County
Council



	Contents	Page
1	Executive Summary	3
2	Funding	6
3	Net Budget Requirement	10
4	Reserves	14
5	Future Risks and Opportunities	16

1. Executive Summary

At cabinet in December 2018 the medium term financial strategy (MTFS) set out a forecast funding gap of £46.090m by the end of the 4 year period (2019/20 – 2022/23). This report provides an updated position for the 4 year period covering 2019/20 - 2022/23 and a review of assumptions to reflect the most current information available.

The updated funding gap contained within the report has slightly increased to £47.209m by 2022/23, however a reduced budget gap is forecast for 2019/20 of £13.446m. This position includes additional costs relating to transport that are offset by some additional income and reduced demand requirements within the waste services budget. The position in 2019/20 is improved by one-off additional business rates levy income of £2.860m.

The financial gap includes the impact of service challenge savings that were agreed at December cabinet totalling c£77m. £7.566m of the savings proposals are subject to the outcome of specific consultations that are needing to be undertaken. Following the cabinet decision detailed project planning has been completed by services with regard to those consultations, including when the outcome of them will be reported back to cabinet to make a final decision with regard to their implementation.

As a result of the review and project planning, SC023 – Highways Countywide Services – Streetlighting (Part Night Lighting) is now no longer being considered. The value of proposals now subject to specific consultation has been revised to £7.529m, £2.150m of which would need to be covered by reserves in 2019/20 if not ultimately agreed by cabinet.

Although the forecast funding gap has reduced during 2018/19, the position is still a shortfall, and despite savings being agreed these do not fully address the structural deficit which varies over each of the 4 years shown in Table 1. The shortfall is at its highest in the first 2 years of the MTFS reflecting the implementation period required for many of the proposals. Phase two of the service challenge process will seek to address the ongoing deficit and will focus on a number of cross-cutting work streams and areas for investigation and review identified in the initial phase but where further work is required to evidence a proposal. These further saving proposals will come forward for consideration at future Cabinet meetings.

The revised funding gap also makes assumptions about future funding levels and there remains significant uncertainty about this post 2019/20 with changes to be made in respect of business rates retention, the overall funding formula and the anticipated green paper on adult social care. As part of the 2019/20 financial settlement Lancashire was successful in securing a business rates pilot which enables a greater amount of business rates growth to be invested in the local area. This is reflected in the revised funding tables contained within the report.

The value of the uncommitted transitional reserve is currently forecast to be sufficient to meet the identified funding gaps through to 2022/23. However the intention is to identify further savings and thereby reduce the call on the transitional reserve, for 2020/21 and beyond.

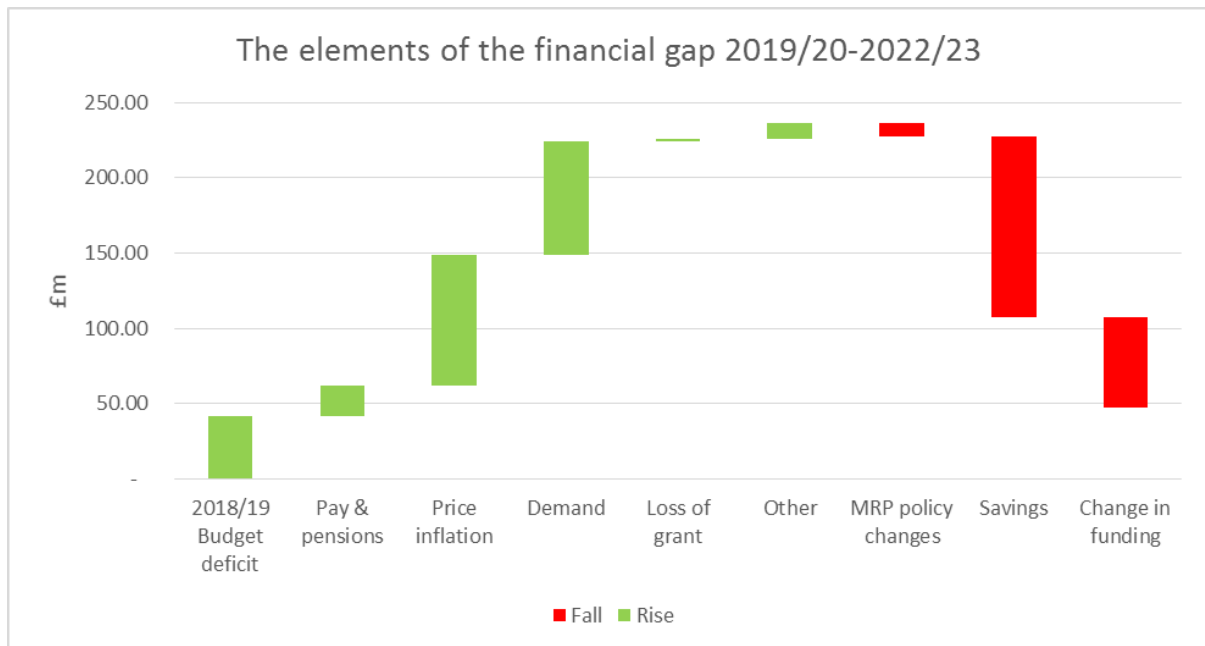
The table on page 4 provides a detailed analysis of movements between the previously reported financial gap and the revised financial gap:

Table 1

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Forecast net budget requirement	807.332	795.111	804.130	835.636	3,242.208
Funding	792.722	780.931	798.502	823.963	3,196.118
Spending Gap as reported to Cabinet	14.610	14.180	5.628	11.673	46.090
Add change to forecast of spending:					
Pay & Pensions	0.473	0.238	0.044	0.259	1.014
Inflation and Cost Changes	2.968	0.555	-0.037	0.047	3.533
Service Demand and Volume Pressures	0.329	-0.684	-0.178	-0.603	-1.136
Other	0.135	-1.958	0.000	0.000	-1.823
Savings Adjustments	0.357	-0.320	0.000	0.000	0.037
Total Change to Forecast of Spending	4.262	-2.169	-0.171	-0.297	1.625
Change to forecast of resources:					
Funding	-5.426	4.919	0.000	0.000	-0.507
Total Change to Forecast of Resources	-5.426	4.919	0.000	0.000	-0.507
Funding Gap	13.446	16.930	5.457	11.376	47.209

Aggregated Funding Gap				
2019/20 (£m)	13.446	13.446	13.446	13.446
2020/21 (£m)		16.930	16.930	16.930
2021/22 (£m)			5.457	5.457
2022/23 (£m)				11.376
Total	13.446	30.376	35.833	47.209
Previous position (£m)	14.610	28.790	34.418	46.090
Variance (£m)	-1.164	1.586	1.415	1.118

The graph below demonstrates the drivers that make up the changes in the financial gap from £42m carried forward from 2018/19 to the cumulative position of £47m in the financial year 2022/23 as shown in the table above:



2. Funding

The funding included within this report reflects the final settlement for 2019/20 that was announced on 29th January 2019, with no changes to funding announced in the provisional settlement. As there will be new models of funding from 2020/21 due to the implementation of business rates retention and a new funding formula there is no information available in relation to funding levels post 2019/20. Assumptions have therefore been made for funding levels from 2020/21 – 2022/23 that are detailed within this report.

Provisional Settlement & Final Settlement

As part of the settlement the Secretary of State confirmed that the referendum limit for the core element of council tax is to remain at 3%. This was already assumed within the MTFS that has been presented at earlier Cabinet meetings, therefore there is no financial impact as a result of this confirmation.

In addition, some unexpected one-off funding was received as nationally there was a surplus on the business rates levy account which the Government have chosen to allocate out to all authorities based on need. Lancashire will receive £2.860m in a one off payment.

It is currently anticipated that a new system of local government finance, the "fair funding formula", will be in place in 2020/21 which involves local government retaining 75% of the business rates and a review of the funding formula. However, details of the scheme and the impact on Lancashire are not known at this time, although further proposals and consultations are anticipated in coming weeks. Without any insight into the outcomes of this work, the MTFS assumes that the funding proposals will match the current business rates and grants structure in future years, with the exception that the revenue support grant will cease from 2020/21, in line with previous government announcements.

As part of the provisional settlement the Chancellor announced several new 75% business rates pilot schemes, with Lancashire being successful in its bid. Further detail is included within the specific section in this report, however when reviewing the funding table below it is important to note that in order to secure the additional growth from business rates authorities agree to forgo their revenue support grant, therefore this will now show as a nil value in the table.

The table below reflects the updated funding position for the county council, including the provisional financial settlement.

Table 2

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Revenue Support Grant	0.000	0.000	0.000	0.000
Business Rates	228.288	199.496	204.938	210.550
Business Rates – Additional Levy	2.860	0.000	0.000	0.000
Business Rates – Pilot growth	1.958	0.000	0.000	0.000
Council Tax	495.510	513.964	533.102	552.951
New Homes Bonus	3.573	3.019	3.010	3.010
Better Care Fund	45.532	45.532	45.532	45.532
Capital receipts	8.000	7.000	0.000	0.000
Social Care Grant	9.427	9.427	9.427	9.427
Collection Fund Surplus	3.000	3.000	3.000	3.000
Total	798.148	781.438	799.009	824.470
Funding - Previous MTFS	792.722	780.931	798.502	823.963
Variance	5.426	0.507	0.507	0.507
Impact on financial gap	-5.426	4.919	0.000	0.000

2.1 Council Tax and Business Rates

2.11 Council Tax

The MTFS currently reflects the following assumptions in relation to the county council's council tax increases as previously reported to cabinet, however this is a decision for full council to make each year when setting the budget.

Table 3

	Council Tax increase (no referendum required)	Additional council tax flexibility	Adult Social Care Precept	Total council tax increase
2019/20	1.99%	1.00%	1.00%	3.99%
2020/21	1.99%			1.99%
2021/22	1.99%			1.99%
2022/23	1.99%			1.99%

From 2020/21 onwards, it is assumed the maximum increase that the county council is able to apply to council tax, without a referendum, is 1.99%, as the option to raise an adult social care precept will no longer be available, and the additional 1% flexibility ceases after 2019/20. Any decisions not to increase council tax in line with the assumptions above would increase the financial gap; every 1% in council tax yields c£5m.

Analysis of Lancashire's tax base over recent years indicates an average annual council tax base increase of 1.7%, and this is included within the MTFS.

Council tax collection rates vary across Lancashire's district councils and are relatively low compared to other councils nationally. The county council is working with some district councils to look at how collection levels can be improved, as an improvement of just 1% overall would increase funding to the county council by c£5m each year and also yield a proportionate benefit to the district council.

2.12 Business Rates

Business rates income is a significant portion of funding to local authorities. The baseline is an assessment of the business rate income required to meet service needs. For the county council, the amount anticipated to be received from the business rates collected in the area is less than its assessed need and therefore we receive a top up grant.

Business rates income for the county council is heavily dependent on cooperation from the district councils, and much will depend on the general economic performance of local areas. The collection rates across Lancashire present a mixed performance when compared nationally, and the county council is working with districts to improve this performance. In addition, a number of businesses have valuation appeals outstanding, some of which are on large value properties. If successful these will have a negative impact on the ability to generate business rates. With this in mind a minimal amount of growth has been built into our local share at 0.5%.

As part of the provisional settlement the Secretary of State announced that the Lancashire bid to become a pilot of 75% business rates retention had been successful. This bid contained Lancashire county council, along with 11 district councils, Lancashire fire and rescue authority and the two unitary authorities of Blackburn and Blackpool which could see potentially a one off extra c£10m retained across Lancashire based on current growth estimates.

2.2 Capital Receipts

In April 2016 the government introduced the flexibility for capital receipts to be used to fund revenue expenditure that is designed to generate ongoing revenue savings or service improvements. This flexibility is currently available until 2020/21.

Capital receipts of £8m and £7m are estimated to be received over the next two years and are included within the MTFS. As part of the service challenge process additional resources were identified to support the transformation of services and delivery of the savings. The assumption within the MTFS that there will be sufficient capital receipts to meet these transformation costs over the next 2 years and therefore they will not be a draw on reserves or increase the funding gap.

3. Net Budget Requirement

The MTFS covers spending pressures including pay increases, contractual inflation, increased demand for services and the impact of previously agreed and new savings measures.

3.1 Pay and Pensions

In December 2017 it was announced by the National Employers for Local Government Services that following negotiations a new pay offer covering the period 1 April 2018 and 31 March 2020 had been agreed. In 2019/20 the new pay offer proposes that local government organisations move to a new pay spine and this is reflected within the pay budget in the MTFS. A 2% increase has therefore been included in 2019/20 and an assumption of 1% included in later years until further information is known in relation to the pay spine and subsequent increases. A 1% pay award equates to an additional net annual cost of c£3m. The new pay spine was agreed by Employment Committee on 14th January 2019.

The table below presents the amounts built into the MTFS for pay and pensions:

Table 4

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Employee Costs	9.682	4.495	4.043	4.100	22.320
Pensions Costs	0.374	-6.026	0.374	0.374	-4.904
Pension Prepayment Saving	-0.319	2.299	0.000	0.000	1.980
Other pay related costs	1.332	0.029	0.028	0.028	1.417
Revised Pay and Pension requirements	11.069	0.797	4.445	4.502	20.813
Pay and Pensions - previous MTFS	10.596	0.556	4.401	4.243	19.796
Impact on Financial Gap	0.473	0.241	0.044	0.259	1.017

3.2 Price Inflation and Cost Changes

Contractual price increases represent a significant cost pressure to the county council. The assumptions have been subject to regular review by services, with an incremental increase of £3.533m from the position at quarter 2 being forecast primarily relating to the final year of the current MTFS. The updated position is shown in table 5 below.

Table 5

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Adults Services	15.260	16.360	12.380	13.147	57.147
Children's Services	1.288	1.141	1.173	1.657	5.259
Waste Services	2.514	2.286	2.347	2.578	9.725
Other Services	4.029	3.506	3.452	3.489	14.476
Revised price inflation requirements	23.091	23.293	19.352	20.871	86.607
Price inflation – previous MTFS	20.129	22.738	19.389	20.824	83.080
Impact on Financial Gap	2.968	0.555	-0.037	0.047	3.533

A significant change in the budget required for price increases relates to waste disposal with a requirement of £9.725m over the next 4 years. This largely relates to landfill tax, gate fees and increased prices charged by companies who are taking waste to turn into refuse derived fuel or organic growth material. This represents an increase of £2.055m compared to quarter 2 as the prices companies are charging to divert waste from landfill has increased but is still less expensive than landfill.

The other service area that has resulted in increased inflationary pressures is transport particularly relating to transport costs of children with special educational needs and excluded pupils due to higher than projected price increases for taxi contracts.

3.3 Demand Pressures

All services have reviewed the demand pressures they face in future years and whilst they have reduced overall, increasing demand still remains a significant element of the funding gap. The MTFS at quarter 3 forecasts decreased requirement of £1.136m when comparing those years contained within the previous MTFS.

Table 6

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Adults Services	15.049	15.831	9.473	10.163	50.516
Children's Services	7.276	3.365	1.854	1.518	14.013
Waste Services	-2.198	0.936	0.983	1.048	0.769
Other Services	8.577	0.131	0.855	0.351	7.022
Revised Demand Requirements	28.704	20.263	13.165	13.080	75.212
Demand – previous MTFS	28.375	20.953	13.343	13.683	76.354
Impact on Financial Gap	0.329	-0.684	-0.178	-0.603	-1.136

Adult social care represents a large proportion of the demand pressures. Adult Social Care has long seen annual increases in the demand for services and the MTFS attempts to predict growth in future years largely based on reviewing current and past activity trends and also taking into account future population changes. From a social care perspective demand covers both increasing numbers of people eligible for support and the increasing complexity of those cases. All demand assumptions contained within this revised MTFS regarding adult social care have been reviewed based on the most up-to-date trend analysis.

Children's social care continues to experience demand pressures across the service, particularly in relation to placement demand due to the number of looked after children in Lancashire. The funding requirement for children's social care has increased by £0.735m over the 4 year period to reflect increased demand across family support for children with disabilities.

The budget for waste services has seen a significant reduction in previously forecast demand over the next 4 years compared to quarter 2 relating to waste disposal. The reduction is due to waste arising increases being projected to be significantly lower than previously forecast supported by investment in waste minimisation. In addition, evaporation of waste at Thornton waste recovery park is currently running at 45% as opposed to 25% which was originally assumed. Both of these developments result in significant reductions on the costs of waste disposal that have been reflected in the MFTS at quarter 3.

In addition there are smaller demand increases across other areas such as legal fees, street lighting energy, BTLS and transport budgets. This largely reflects the continuation of pressures that can be seen in the 2018/19 monitoring position.

Most significant of these is the pressure on transport budgets. Included at quarter 3 is c£2m primarily reflecting additional demand relating to transport costs for children with special educational needs which is a trend that is being seen nationwide. A further £0.9m relates to transport costs taking children to independent non-maintained schools that has previously been funded by education budgets but upon review should be funded by transport budgets. These pressures have been offset by £1.9m of additional grant funding that the county council will receive recurrently that is shown within section 3.4.

3.4 Other

An additional grant relating to school improvement of £1.9m has been included as it is assumed the county council will receive recurrently (although this is subject to annual confirmation, as is the case with many grants). This will be used to offset pressures on transport as outlined in section 3.3.

Additional expenditure of £1.958m has also been added into the MFTS at quarter 3 to reflect additional expenditure that will be incurred following the receipt of additional income from the successful application to be a business rates pilot.

3.5 Savings Adjustments

Following agreement of service challenge savings at Cabinet in December a review of implementation plans has been taking place. The saving that relates to the ceasing of the Lancashire Breaktime Service (SC119) has been reprofiled to reflect the consultation period that is required.

In addition, following a review of the proposed saving relating to street lighting (SC023) it has been built back into the MFTS (£0.037m 2019/20) as further analysis has identified that the level of capital investment required does not enable the proposal to be financially viable.

4. Reserves

Table 7

Reserve Name	Opening Balance 2018/19	2018/19 Expenditure	2018/19 transfers to / from other reserves	2018-19 Transfers from revenue budget	2018/19 Forecast Closing Balance	2019/20 Forecast Spend	2020/21 Forecast Spend	Total as at 31 March 2021
	£m	£m	£m		£m	£m	£m	£m
County Fund	-23.437	0.000	0.000	0.000	-23.437	0.000	0.000	-23.437
SUB TOTAL - COUNTY FUND	-23.437	0.000	0.000	0.000	-23.437	0.000	0.000	-23.437
Strategic Investment Reserve	-3.765	0.740	1.679	0.000	-1.346	0.350	0.850	-0.146
Downsizing Reserve	-13.891	3.346	5.941	0.000	-4.604	4.605	0.000	0.000
Risk Management Reserve	-5.402	3.267	-0.688	0.000	-2.823	1.224	0.800	-0.800
Transitional Reserve	-155.066	41.555	-14.735	-11.025	-139.271	0.437	0.194	-138.640
Service Reserves	-19.118	6.563	7.804	0.000	-4.752	3.057	0.762	-0.932
Treasury Management Reserve	-10.000	0.000	0.000	0.000	-10.000	0.000	0.000	-10.000
SUB TOTAL - LCC RESERVES	-207.243	55.471	0.000	-11.025	-162.796	9.672	2.606	-150.518
Schools/Non-LCC Service Reserves	-16.521	1.647	0.000	0.000	-14.874	-0.823	-0.823	-16.520
SUB TOTAL SCHOOLS/NON LCC RESERVES	-16.521	1.647	0.000	0.000	-14.874	-0.823	-0.823	-16.520
GRAND TOTAL	-247.201	57.118	0.000	-11.025	-201.108	8.849	1.783	-190.475

The county fund shown at the top of Table 7 is the balance set aside to cover the authority against a serious emergency situation (e.g. widespread flooding); a critical and unexpected loss of income to the authority and for general cash flow purposes. In considering these various factors the county council is forecast to maintain its County Fund balance at £23.437m.

The value of the uncommitted transitional reserve is currently forecast to be £138.640m by the end of March 2021 if there was no requirement for structural funding support from reserves to the 2019/20 or 2020/21 budgets. This represents an improved position from the £127.755m that was previously reported to cabinet in December; this is mainly due to the inclusion of the 2018/19 forecast revenue underspend of £8.462m and some higher than previously forecast income.

The transitional reserve is forecast to be sufficient to meet the identified funding gaps through to 2022/23 as set out in table 8 below. However, the intention is to identify further savings to reduce the gap, and hence the call on reserves, for 2020/21 and beyond.

Table 8

	2019/20	2020/21	2021/22	2022/23
Opening Balance (£m)	139.271	125.388	94.818	58.985
Gap funding (£m)	13.446	30.376	35.833	47.209
Commitments (£m)	0.437	0.194	0.000	0.000
Closing balance (£m)	125.388	94.818	58.985	11.776

5. Future Risks and Opportunities

The following are key future risks, the full impact of which is not known at this stage:

5.1 Savings Delivery

The scale of additional savings agreed is significant on top of over £40m of previously agreed savings still to be delivered in 2019/20 and future years. There are inherent risks in the delivery of any savings programme of this scale, particularly where they are directly linked to reducing the future demand for services. However, there is a strong track record of delivery of the vast majority of previous savings plans. Furthermore, a number of services have properly identified the need to invest in both temporary and recurrent resources to provide additional capacity needed to deliver the savings proposed.

Any significant under-delivery or slippage to delivery timeframes will create an additional funding pressure and impact on the ongoing and longer-term financial health of the council. This has been identified as one of the highest risks in the risk and opportunity register. There are comprehensive arrangements in place to track delivery of financial savings and take corrective actions where required. Where services are experiencing a potential negative variance in their savings plans, managers are actively seeking to meet any shortfalls through other activities within their service area.

The financial gap includes the impact of service challenge savings that were agreed at December Cabinet totalling c£77m. £7.566m of the savings proposals are subject to the outcome of specific consultations that are needing to be undertaken. Following the Cabinet decision detailed project planning has been completed by services with regard to those consultations, including when the outcome of them will be reported back to Cabinet to make a final decision with regard to their implementation.

As a result of the review and project planning, SC023 – Highways Countywide Services – Streetlighting (Part Night Lighting) is now no longer being considered. The value of proposals now subject to specific consultation has been revised to £7.529m, £2.150m of which would need to be covered by reserves in 2019/20 if not ultimately agreed by Cabinet.

As part of section 5.6 of this report a scenario is presented showing the impact if the savings in Appendix C were not agreed post consultation.

5.2 Further Savings Opportunities – Service Challenge

The report to Cabinet in December 2018 presented and agreed the conclusion of the initial service challenge process, with each service across the county council presenting opportunities for further savings. A benchmarking exercise across all county councils (and other councils where appropriate) identified that there are some service areas where Lancashire is high cost. The service challenge process was targeted at understanding the reasons for this and designing the delivery of better services at lower (median county council) cost. This process resulted in the identification of c£77m from 42 individual service challenge reviews. There remain a number of areas where further, more detailed analysis and investigation is required and phase two of the service challenge process will progress this work as well as look

more strategically at some cross-cutting issues that could provide the potential for additional savings proposals to come forward to future cabinet meetings for consideration.

As noted in section 5.1 this is a significant additional programme of savings and is therefore subject to the same risks and mitigations. As part of the identification of the savings a significant validation and project management exercise has been undertaken for each proposal and detailed monitoring and review will take place on all proposals agreed for implementation.

5.3 Business Rates Retention / Changes to Funding Formula

As previously explained, the future funding arrangements to be established by government pose a risk to the council as they may reduce funding below that assumed in the MTFS. Conversely there is equally an opportunity that additional resources are made available through this process. The successful outcome of the Lancashire business rate pilot bid presents one-off additional funding for Lancashire and gives the county council an opportunity to pilot increased business rates retention. This should enable the county council, districts, unitaries and fire authority to be well prepared for the implementation of the business rates retention scheme from 2020/21, although the final details are not known at this stage.

5.4 Children's Social Care

Children's social care demand levels are forecast to continue to increase, particularly within agency residential placements, agency fostering placements and also special guardianship orders. Although the rate of growth is quite volatile, over recent months it has slowed down slightly.

Significant additional budget was allocated to children's social support improvements and demand pressures over the past 3 years. An assumption within this MTFS is made that demand will plateau in future years, and a reducing demand increase has been built into future year's budget.

5.5 Troubled Families Funding

The county council currently receives funding towards working with troubled families. Where we have received written confirmation of troubled families funding this has been included in the MTFS. Post 2019/20 however, there is no information available as to whether this funding will continue. It is assumed that funding levels will remain at 2019/20 levels. If the funding does cease this will result in a pressure on the budget of £2.1m. Given the lack of clarity we have discussed this with other Local Authorities in a similar position, as to the approach they are taking, and they have confirmed that they are also forecasting the funding to continue, but this will be closely monitored as announcements relating to funding are to be made imminently and outcomes will be reflected in future MTFS reports.

5.6 MTFS Assumptions and Scenario Analysis

In preparing the MTFS a range of assumptions are made and to assess the level of risk inherent in the decisions being taken some of these have been stress tested against alternative scenarios.

The key assumption that has been analysed and tested relate to maintaining the additional social care funding announced by the Chancellor over the full period of the MTFS.

Alternative scenarios reflect the impact of this funding being removed;

- option "a" shows the best case scenario assuming an additional £2m reduction on employer pension contributions
- option "b" shows the position if the winter pressures funding was removed post 2019/20, and
- option "c" presents the position if all the additional social care monies were removed post 2019/20.
- option "d" presents the position if all of the savings that are subject to consultation (December Cabinet – Appendix C) are not ultimately agreed for implementation by Cabinet.

Option "a" demonstrates an improved position from the MTFS presented in this report and show that the council would have sufficient reserves to manage through to 2023/24 when further saving would need to be made. Options "b" and "c" show a less favourable position than the MTFS and would see reserves running out during 2022/23. Option "d" presents a less favourable position to the MTFS presented in this report and option "a", however it shows that there are sufficient reserves to support the projected budget gap in future years, with reserves running out during 2022/23.

This stress testing gives confidence that the council can continue to live within its means for a number of years even in adverse circumstances. This does not however diminish or negate the need to make further savings but does demonstrate that the council continues to have sufficient resilience to deliver them in a measured and structured way.

Option a)

Aggregated Funding Gap				
2019/20 (£m)	13.446	13.446	13.446	13.446
2020/21 (£m)		14.930	14.930	14.930
2021/22 (£m)			5.457	5.457
2022/23 (£m)				11.376
Total (£m)	13.446	28.376	33.833	45.209
Previous position (£m)	14.610	28.790	34.418	46.090
Variance (£m)	-1.164	-0.414	-0.585	-0.882

Transitional Reserve Funding:

	2019/20	2020/21	2021/22	2022/23
Opening Balance (£m)	139.271	125.388	96.818	62.985
Gap funding (£m)	13.446	28.376	33.833	45.209
Commitments (£m)	0.437	0.194	0.000	0.000
Closing balance (£m)	125.388	96.818	62.985	17.776

Option b)

Aggregated Funding Gap				
2019/20 (£m)	13.446	13.446	13.446	13.446
2020/21 (£m)		22.448	22.448	22.448
2021/22 (£m)			5.457	5.457
2022/23 (£m)				11.376
Total (£m)	13.446	35.894	41.351	52.727
Previous position (£m)	14.610	28.790	34.418	46.090
Variance (£m)	-1.164	7.104	6.933	6.636

Transitional Reserve funding:

	2019/20	2020/21	2021/22	2022/23
Opening Balance (£m)	139.271	125.388	89.300	47.949
Gap funding (£m)	13.446	35.894	41.351	52.727
Commitments (£m)	0.437	0.194	0.000	0.000
Closing balance (£m)	125.388	89.300	47.949	-4.778

Option c)

Aggregated Funding Gap				
2019/20 (£m)	13.446	13.446	13.446	13.446
2020/21 (£m)		31.875	31.875	31.875
2021/22 (£m)			5.457	5.457
2022/23 (£m)				11.376
Total (£m)	13.446	45.321	50.778	62.154
Previous position (£m)	14.610	28.790	34.418	46.090
Variance (£m)	-1.164	16.531	16.360	16.063

Transitional Reserve funding:

	2019/20	2020/21	2021/22	2022/23
Opening Balance (£m)	139.271	125.388	79.873	29.095
Gap funding (£m)	13.446	45.321	50.778	62.154
Commitments (£m)	0.437	0.194	0.000	0.000
Closing balance (£m)	125.388	79.873	29.095	-33.059

Option d)

Aggregated Funding Gap				
2019/20 (£m)	15.596	15.596	15.596	15.596
2020/21 (£m)		22.259	22.259	22.259
2021/22 (£m)			5.507	5.507
2022/23 (£m)				11.376
Total	15.596	37.855	43.362	54.738
Previous position (£m)	14.610	28.790	34.418	46.090
Variance (£m)	0.986	9.065	8.945	8.648

Transitional Reserve funding:

	2019/20	2020/21	2021/22	2022/23
Opening Balance	139.271	123.238	85.189	41.827
Gap funding	15.596	37.855	43.362	54.738
Commitments	0.437	0.194	0.000	0.000
Closing balance	123.238	85.189	41.827	-12.911