



Environment Overview & Scrutiny Committee 24 January 2013

Council Fund Revenue Budget Proposals

TO BE COVERED TODAY

- National and Local Context
- Council Fund Budget Strategy
- Budget Process
- Ongoing Work
- Environment Budget
 - Budget Proposals - summary
 - Key service issues
- Next Steps



COUNCIL FUND BUDGET STRATEGY & FINANCIAL OVERVIEW

National Context

- Funding for UK public sector contracting in real terms and this will continue in the medium term
- For Wales this position reinforced by:
 - Welsh Government Budget & Policy
 - Wales Audit Office reports
 - Institute of Fiscal Studies report (commissioned by WLGA)
- 2013/14 – final year of three year indicative WG budgets for local authorities
- 2014/15 settlement could see a decrease in proportion of WG budget for local government

Local Context

- Successful track record of setting balanced budgets within this national context while also:
 - Investing in key priorities
 - Meeting growths in service demands
 - Absorbing cost in implications of inflation
- Approach
 - Developing internal programmes of change and reform
 - Collaboration and cost sharing with partners
 - Service review and change
- Scope for efficiency 'quick wins' reduces each year – the challenge becomes greater

2013/14 Budget Strategy

- Draft proposals aim to:
 - Protect front line public services
 - Invest in and Protect Schools and Social Care budgets – exceeding national expectations
 - Protect core services where national grant is reducing
 - Prepare communities for Welfare Reform
 - Invest in change to achieve future efficiencies
 - Prepare for implementation of Single Status in-year
 - Absorb inflationary costs without reducing service standards
 - Set Council Tax at affordable level

THE BUDGET PROCESS – How have we got here...

Budget gap of £11m in July – strategy followed...

1. Challenge and compress identified pressures
2. Review previous years pressures and efficiencies
3. Manage Inflation – targeted approach
4. Review in year financial position
5. Review Reserves and Balances
6. Progress Flintshire Futures workstreams
 - Increase income from Fees and Charges
 - Progress Organisation Design
 - Implement Service Change
 - Identify opportunities for Procurement Savings

FINANCIAL OVERVIEW – Position at December

- Budget gap at 18th December was £1.480m (based on draft settlement)
 - One off or time limited items £0.417m
 - Ongoing base budget £1.063m
- Final Local Government Finance Settlement announced on 11th December – briefing note distributed to all Members
- Final Settlement for Flintshire is an increase of 1.2% (after transfers excluding Council Tax Support) in revenue grant funding

FINANCIAL OVERVIEW – Assumptions and Principles (MTFS) (1 of 2)

- Transfers into settlement passported to service area (if required)
- New responsibilities in settlement passported to service area
- Base Level of Reserves maintained at 2% of turnover
- Distinction between resources for ongoing expenditure and expenditure that is one-off or time limited
- Fair and affordable Council Tax – proposed annual Band D increase of 3% - in line with previous Council Tax Strategy commitments

FINANCIAL OVERVIEW – Assumptions and Principles (MTFS) (2 of 2)

- Inflation assumptions:
 - Pay
 - 1% for Non-Teachers (from April) and Teachers (from September)
 - Price
 - Targeted 2% inflation - e.g. Schools, elements of Social Care and Fleet Maintenance
 - Non-Standard Inflation - Energy, Fuel, Food and NDR
 - Income
 - Assumption of 3% unless included under specific Fees and Charges Proposals

Work Ongoing to Balance the Budget

Four Point Plan:

1. Review of Flintshire Futures Workstream Targets - especially Procurement
2. Review of pressures/investments to ensure that all one-off items are identified
3. Re-examination of previous years' items
4. Directorates and Corporate Services to:
 - Identify further efficiencies achievable in 2013/14
 - Reduce costs / curtail expenditure for remainder of 2012/13



Environment

BUDGET PROPOSALS & KEY SERVICE ISSUES

BUDGET PROPOSALS – Pressures / Investments

Pressures and Investments - Economic Impact	2013/14 £m	2014/15 £m	2015/16 £m
<u>Environment</u>			
Rental Income Shortfalls for vacant Properties	0.050	0.050	0.050
Income reduction due to Power Station closures	0.120	0.120	0.120
	<hr/> 0.170	<hr/> 0.170	<hr/> 0.170

BUDGET PROPOSALS – Efficiencies (1 of 2)

Efficiencies - Fees & Charges

Existing charges

	2013/14	2014/15	2015/16
	£m	£m	£m
Agricultural Estate rentals	0.008	0.008	0.008
Public Protection - increase to market rates	0.025	0.025	0.025
Markets Service - increased lettable space	0.019	0.019	0.019
	<u>0.052</u>	<u>0.052</u>	<u>0.052</u>

New charges

Traffic Regulation order Notices	0.013	0.013	0.013
Streetscene - leachate processing	0.075	0.075	0.075
Car Park Management	0.085	0.100	0.100
	<u>0.173</u>	<u>0.188</u>	<u>0.188</u> ★

Efficiencies - Service Change

Street Lighting - non-residential areas post midnight turn-off	0.050	0.050	0.050
Highways Asset Management Plan (HAMP) -rephasing of full implementation	0.225	0.225	-
Public Conveniences - revisit of strategy	0.050	0.050	0.050
Streetscene - change in working practices	0.300	0.300	0.300
Waste Services - vehicle savings from full roll out of Saturday collection	0.140	0.140	0.140
Business Development team - agile working	0.004	0.004	0.004
Staff travel - reduced mileage payments	0.003	0.003	0.003
Directorate Support & Performance - Supplies and Stationery	0.008	0.008	0.008
	<u>0.780</u>	<u>0.780</u>	<u>0.555</u>

★ Equalities Impact Assessment will be completed

BUDGET PROPOSALS – Efficiencies (2 of 2)

	2013/14	2014/15	2015/16
	£m	£m	£m
Efficiencies - Procurement			
Waste Services - Tender Transport arrangements for waste disposal	0.050	0.050	0.050
Transportation Services - Review of subsidised Bus Service Contracts and re-tender	0.036	0.036	0.036 ★
Reduction in use of consultants	0.013	0.013	0.013
Reduction in influencable spend	0.025	0.025	0.025
Streamline current processes within Directorate Support	0.020	0.020	0.020
	<u>0.144</u>	<u>0.144</u>	<u>0.144</u>
Efficiencies - Organisational Design			
Review Management Recharge to the Communities First Programme	0.020	-	-
	<u>0.020</u>	<u>0.000</u>	<u>0.000</u>
Efficiencies - Other			
Agricultural Estates - balance not required	0.025	-	-
Licensing / Health & Safety - balance not required	0.025	-	-
	<u>0.050</u>	<u>0.000</u>	<u>0.000</u>

★ Equalities Impact Assessment will be completed

Live Issues for this Committee

- Energy generation at landfill sites has been affected by the level of gas being produced due to their age
 - Budget shortfall likely in 2013/14

For Environment Directorate this budget invests in...

- Protecting Key Services
- Providing Match Funding for External Funding Streams
- Improving Waste Management Services
- Delivering Improved Highways Maintenance Services
- Safeguarding the Council from predicted impacts of the global economy

Key Service Issues for Environment Directorate in Medium Term ...

- Providing first rate Environmental Services
- Addressing Infrastructure issues in the County
- Progressing the LDP
- Developing the Enterprize Zone
- Developing Increased Apprenticeship Opportunities
- Successfully completing the (Sub) Regional Waste Projects
- Rationalising the Council's Asset Base



NEXT STEPS

Next Steps – Medium Term Outlook

- MTFP in December indicated an annual budget shortfall of £30m by 2017/18
- This does not fully account for:
 - Single Status Agreement
 - Equal Pay Agreement
 - Any possible future reductions in funding from Welsh Government
- Need to develop and accelerate FCC corporate change programme if we are to...
 - meet the financial challenges ahead
 - achieve council priorities
 - finance capital investment

Next Steps – 2013/14 Budget

- Ongoing work to continue to refine details
- Corporate Resources Scrutiny
 - 31 January
 - All members
 - Capital Programme (cross-service)
 - Round up meeting following service scrutiny meetings
- Cabinet 19 February
 - Final budget proposals
- Council 1 March
 - Budget & Council Tax Setting