



Medium Term Financial Plan 2014/15 – 2018/19 (Council Fund)

**Corporate Resources Overview and
Scrutiny Committee**

11th July 2013



The 'Bigger' Picture Context

- » 'traditional' annual budget planning based on relatively stable financial projections no longer tenable
- » a shifting – into the negative – fiscal position for Wales
- » a volatile position at UK and Welsh level
- » rebalancing risks in the Welsh budget
- » major functional and structural reform probable
- » having to juggle all of the above and plan short and longer term with low levels of certainty
- » far more challenging forms of prioritising, aligning resources and value for money critical for Flintshire



Organisational & Financial Planning

- » Organisational :
 - » Council Priorities
 - » Improvement Plan
 - » Organisational change and re-design plan
 - » Directorate and Service Plans
- » Financial
 - » Medium Term Financial Plan
 - » Medium Term Financial Strategy
 - » Budget strategy



MTFP and MTFS

- » The Medium Term Financial Plan forecasts funding levels and resource requirements over the medium term (including those to achieve priorities and organisational change goals); identifies the gap between the two and enables specific actions to be identified to balance the budget and manage resources
- » The Medium Term Financial Strategy provides a framework for the financial principles through which revenue and capital resources will be forecast, organised and managed to deliver the Council's vision and strategic objectives



MTFP – Continuous Development

- » Never “complete” or “finished”
- » Ever evolving forecast of financial position
- » Updated and refined to take in / or refine forecasts of:
 - » Funding
 - » Investment needs
 - » Savings and efficiencies
- » Two planned revisions in 2013 – May and October



Why have two MTFP 'revisions'?

- » the first is the context and the reconciling of existing programmes of change and efficiency to the target 'gap'
- » the second will be more on the strategic solutions and a far wider programme of organisational change and reform



Re-setting the MTFP – May 2013

- » to present an updated forecast of the impacts of the changing and worsening national fiscal position, and inflationary trends, on the core resources available to the Council to meet its priorities and maintain its services
- » to present a first forecast of the investment needed to support the priorities of the Council
- » to present, by combining the above, the updated revenue 'gap' to be bridged by organisational change, efficiencies and choices between services



Re-setting the MTFP – October 2013

- » update the forecast with the most accurate information
- » set out the Council's developing programme of organisational change and re-design to further modernise the organisation and secure major efficiencies in costs and overheads to meet its targets..
- » enable the Council to make informed choices over base budget allocations to service functions according to need and choice
- » provide a platform for the setting of a sustainable annual budget for 2014-15 as the third of the five years of this Council under this Plan



Headline Overview – May 2013

- » Initial estimated shortfall:
 - » £8.5m for 2014/15
 - » £28.5m over 5 years (2014/15 to 2018/19)
- » **With some further broad assumptions:**
 - » **£10m for 2014/15**
 - » **£40m over 5 years (2014/15 to 2018/19)**
 - » **Worst Case – at this stage, but**
- » Since publication of this forecast
 - » UK and Welsh Funding forecasts are worsening



Assumptions behind the figures

- » Welsh Government Funding
 - » Aggregate External Finance – Includes RSG/NDR
 - » Grants
- » Local Taxation (Council Tax)
- » Inflation
- » Impacts of prior year budget decisions
- » Demand / externally influenced costs and efficiencies
- » Investment and Growth

Budget Impact / shortfall shown at each stage



Funding - the biggest uncertainty

- » Council Fund net budget in 2013/14 is £293m
- » So uncertainty over WG funding is a significant issue
- » WG funding impacted by reduced budget from Treasury

	£m	%
AEF	200	68
Specific Grants	35	12
	235	80
Council Tax	58	20
	293	100



Funding – where we were

- » Indicative for 2013/14 was a 0.7% increase for FCC
- » Scenario 1:
 - » Maintains “top slicing, ” and
 - » Takes £10.2m out at Wales level
- » Scenario 2:
 - » As Scenario 1, and
 - » LG “equal share” of £81m funding reduction
- » Scenario 3: **This is used in the current forecast**
 - » Maintains “top slicing”, and
 - » LG and all non NHS programmes take “full brunt”



Beyond Scenario 3 ?

- » Minister for LG & Government Business – 23 May
 - » Indicative figures overtaken by events
 - » No longer considered as a basis on which to plan
 - » Funding reductions experienced in England signal the future financial reality for Wales
 - » Immediate engagement in decisive & radical short term financial & service planning required
- » Date for WG budget announcement unknown or level of details likely to be available.
- » Spending Round 26 June – 2015/16 & beyond

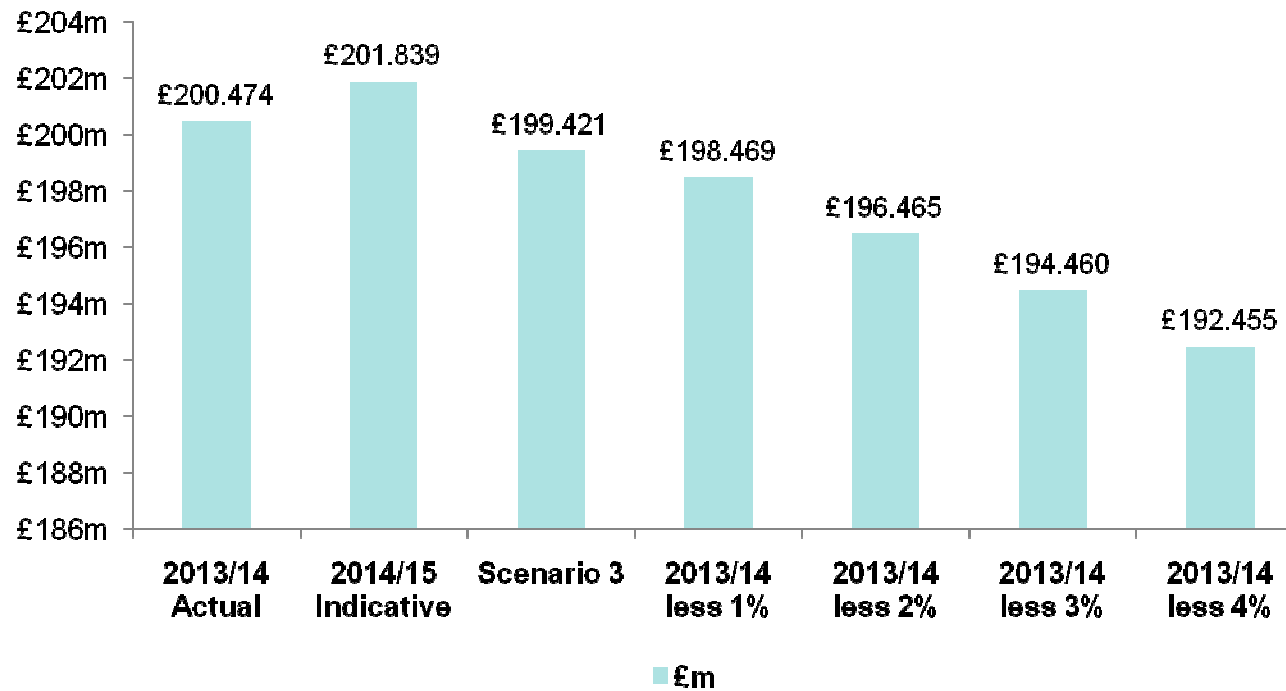


English Style Reductions ?

- » English authority reductions over the last spending round were an average 4% per annum
- » But significant flexibility went alongside the reductions – what will be the case in Wales on protection and specific grants ?
- » Impact of funding for the Council Tax Reduction Scheme in 2014/15
 - » Potential for 50% funding of “extra” £22m last year
 - » Impact of Council Tax rises to be met locally ?
- » Impact for Flintshire - lets look at the sensitivity

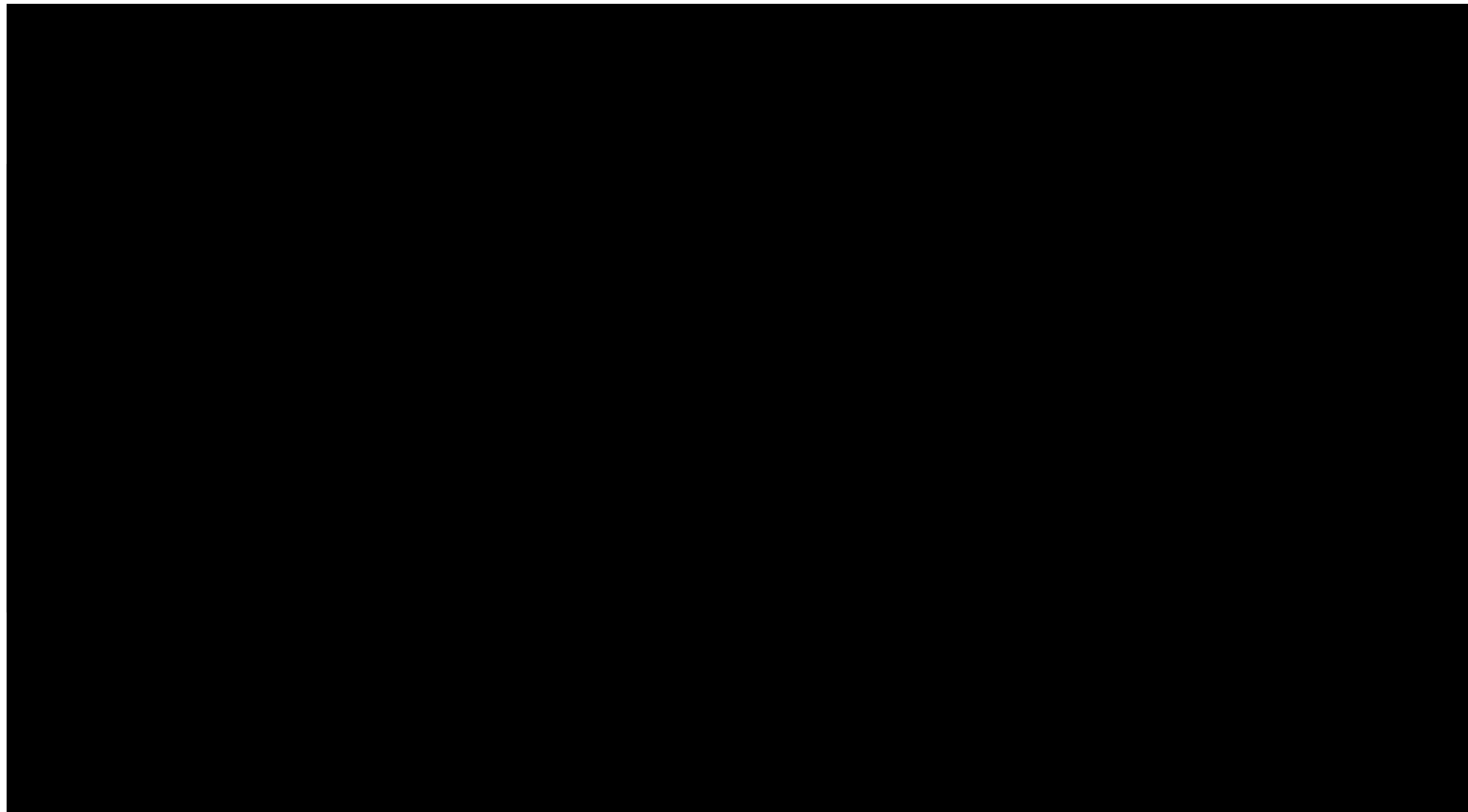


WG Funding – Possible levels





WG Funding - Sensitivity





Surviving with much less

- » Managing the Resources that we have better
 - » Doing the same or more with less
 - » Ongoing work on operational efficiencies
- » Organisational Change and Reform
 - » Extending the current Flintshire Futures Programme (in assets, procurement, customer and finance)
 - » Challenging review of base budgets to priorities
 - » Structural reviews and phased workforce reduction
 - » Functional efficiency and de-prioritisation reviews with a strategic VFM approach
- » Looking across the landscape
 - » Working with national reform reviews and their impacts



MTFP & Budget Timetable – Key Dates

- » WG Budget - (post recess)
- » Provisional Settlement – mid October (estimated)
- » MTFP 2013 revision – October
- » 2014/15 initial proposals - November / December
- » Final Settlement – early December (estimated)
- » Final Budget Proposals – Cabinet 21st January
- » Budget – Council 18th February



Questions?