



Council Fund Revenue Budget 2016/17

County Council
16 February 2016



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Cabinet Recommendations

1. Considered the remaining options for the closing Stage Two of the annual budget and have made a recommendation as follows (tabled)
2. Recommend to Council a final balanced budget based on a combination of the previously adopted Stage One budget proposals and the closing Stage Two options from within the report as set out above (tabled)

Budget Stages

- **Stage One Phase One:** service plan and corporate financing proposals presented to a series of Overview and Scrutiny Committees throughout December
- **Stage One Phase Two:** a new set of corporate financing proposals, and Provisional Settlement outcomes, to move closer to closing the ‘gap’ agreed by Cabinet and reported to Corporate Resources Overview and Scrutiny Committee in January
- **Stage Two:** final proposals to close the ‘gap’ as included in the report to Cabinet and to full Council



Budget Stage One

The Basis of the Budget



Summary of Revised Gap: Stage One Phase 1

Initial budget 'gap' of £20.8M within the MTFS Forecast

Less:

- » Service Business Plan Proposals (£7.755M)
- » Corporate Financing Proposals (£5.000M)

Revised Budget Gap of £8.045M

Summary of Revised: Stage One Phase 2

Revised Budget Gap of £8.045M

Less:

- » Second phase proposals of £2.677M
- » Impact of Provisional Settlement of £3.770M

Add:

- » New and emergent pressures of £1.849M

Revised Budget Gap of £3.447M



Budget Stage 2

Closing and Balancing
the Budget



Final Work to Balance the Budget

- » Remaining Gap of up to £3.447M (including all new and emergent pressures) at end of Stage One
- » Commitment given to avoid further in-year change to services if achievable
- » Final work a combination of:-
 - » Review of new and emergent pressures
 - » Further Workforce Options
 - » Council Tax Income
 - » Use of Reserves

Additional Service Issues

- » Learning Disability Workplace Scheme – allowance to be continued (budget of £0.070M reinstated increasing gap to £3.517M)
- » Social Care Fees – ongoing discussions and negotiations
- » Single Environment Grant – final notification of grant



Review of New and Emergent Pressures

- » Thorough review of new and changing pressures resulting in a reduction of £0.209M:
 - » Review of income budgets in leisure = £0.070M
 - » Housing Benefit Subsidy review = £0.043M
 - » Remittance Advice to Landlords: further review of Single Person Discount = £0.041M
 - » Sustainable Waste Grant: late Welsh Government confirmation of grant level = £0.055M

Workforce Efficiencies

- » **Essential Car User Allowance (£0.500M)**
 - » First phase of a two phase review of travel allowances with alternative use of fleet vehicles
- » **Reduction in Workforce Costs (£0.500M)**
 - » Managed further round of voluntary redundancies and reductions in other workforce costs including overtime costs and agency worker costs

Council Tax

- » Proposed increase
 - » 4.5% = £0.862M (net of additional contribution to CTRS)
- » Need for the increase
 - » protect investment in School Funding Formula
 - » safeguard Community Asset Transfers
 - » contribution to unprecedented budget gap
 - » a step towards closing the gap between planned expenditure and the Standard Spending Assessment

Use of Reserves

- » Use of reserves as a balancing figure (£1.429M) to meet both recurring and non recurring budget pressures:
 - » Nationally imposed charging cap on domiciliary care which reduced direct income to social services
 - » Unfunded Council Tax Reduction Scheme benefits costs
 - » Help 'net off' the costs of new and emergent pressures
- » Level of recommended use of reserves considered reasonable and consistent with recent Council practice

Other Adjustments

- » Late positive adjustments:
 - » Levy to North Wales Fire and Rescue Authority
 - » Reduction in the annual contribution to GWE (Regional School Improvement Consortium)
- » Total adjustment of £0.017M

Summary of Final Balanced Position

» Budget Gap Stage 1 Phase 2	£3.447M
» Learning Disability Workplace Scheme	<u>£0.070M</u>
» Revised Budget Gap	£3.517M
» Met by:-	
» Review of new and emergent pressures	£0.209M
» Workforce Options	£1.000M
» Council Tax	£0.862M
» Use of Reserves and Balances	£1.429M
» Other Adjustments	<u>£0.017M</u>
» Balanced position	£3.517M

Risk Summary for In-Year Management

Risk	Risk Status
Impacts of reductions in specific grant funds	Amber
Inflationary impacts	Amber
Failure to achieve income targets in full	Amber
Failure to achieve efficiency targets in full	Amber
Insufficient capacity to implement change	Amber
Impact of new and emergent pressures	Amber
Over use of reserves and balances	Green
Sufficiency of remaining reserves and balances	Green

Professional Opinions

- » **Section 151 Officer/Corporate Finance Manager:** confirms the reasonableness of the budget estimates, Council Tax level and use of reserves; budget assumptions represent a measured and acceptable level of risk; a robust programme for the delivery of the efficiencies essential along with effective and disciplined in-year financial management
- » **Chief Executive:** A balanced approach to achieving the annual budget; the Council has to have a greater 'appetite' for risk; provided that the risks are understood together with their likelihood and impacts the approach to risk can be supported.



Looking Ahead

The Medium Term Financial Strategy



Final Settlement

- » Not due until early March
- » Follows the approval of the macro Welsh budget recommended by Welsh Government
- » No intelligence from Welsh Government that there will be any significant changes
- » The recommended budget of Cabinet should therefore be unaffected and stable

Medium Term Financial Plan (MTFP)

- » Full refresh led by Cabinet with Corporate Resources Overview and Scrutiny input with a republished MTFP for 2016/17 to 2018/19 for the summer
- » Updated forecast for the gap for 2017/18 is around £11M (based on RSG reduction of 1.5%, notional Council Tax of 3% and reserves repaid from 2016/17 prior to new pressures and efficiencies)
- » Cabinet led budget recommendations for 2017/18 by June alongside the republished MTFP and the 2016/17 Improvement Plan