Council Fund Revenue Budget 2017/18

County Council
14 February, 2017
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Budget Strategy

» **Stage One - Service Reform** – Portfolio Business Planning efficiencies (Year 3 of 3)

» **Stage Two - Corporate Financial Stewardship** - efficiencies from areas such as financing of debt, reduced provisions for central costs, reduction of pressures

» **Working with Welsh Government** – lobbying to get a better deal for Flintshire in terms of the distribution of revenue grant funding and more local choice on charging
Budget Stage One
Portfolio Business Plans
Portfolio Business Plans

» Portfolio Business Planning efficiencies of £5.743m for 2017/18 (Year 3 of 3)
» Total of £24m over 3 years (Year 1 £10.5m Year 2 £7.8m)
» 30% target reductions for all Portfolios except Schools and Social Care
» Approved by County Council 15 November
# Portfolio Business Plans

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning and Environment</td>
<td>0.205</td>
</tr>
<tr>
<td>Streetscene and Transportation</td>
<td>1.350</td>
</tr>
<tr>
<td>Social Care</td>
<td>0.690</td>
</tr>
<tr>
<td>Education and Youth</td>
<td>0.873</td>
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<tr>
<td>Organisational Change</td>
<td>0.943</td>
</tr>
<tr>
<td>Community and Enterprise</td>
<td>0.629</td>
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<tr>
<td>Corporate Services</td>
<td>0.903</td>
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<tr>
<td>Central and Corporate Finance</td>
<td>0.150</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>5.743</strong></td>
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</tbody>
</table>
Budget Stage Two
Corporate Financial Stewardship
Stage Two – Corporate Financial Stewardship

» Considered in detail at Corporate Resources and Scrutiny Committee on 30 November
» Review of MRP Policy, Utilisation of Reserves, re-profiling spend, and amendments to Council Tax base
» Approved by County Council on 6 December
## Corporate Financial Stewardship Proposals

<table>
<thead>
<tr>
<th>Description</th>
<th>£m</th>
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</thead>
<tbody>
<tr>
<td>Council Tax Base Increase</td>
<td>0.345</td>
</tr>
<tr>
<td>Independent Living Fund (ILF)</td>
<td>0.412</td>
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<tr>
<td>Transition to Adulthood</td>
<td>0.162</td>
</tr>
<tr>
<td>Flint Extra Care Scheme</td>
<td>0.170</td>
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<tr>
<td>Schools Investment</td>
<td>0.400</td>
</tr>
<tr>
<td>Apprentice Tax Levy</td>
<td>0.470</td>
</tr>
<tr>
<td>Central Loans and Investment Account (CLIA)</td>
<td>2.690</td>
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</tbody>
</table>

**Total**                                               **4.649**
## Remaining Budget Gap after Stages One and Two

<table>
<thead>
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<th>Description</th>
<th>£m</th>
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<tbody>
<tr>
<td>Projected Budget &quot;gap&quot;</td>
<td>14.4</td>
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<tr>
<td><strong>Less:</strong></td>
<td></td>
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<tr>
<td>Portfolio Business Plans</td>
<td>(5.7)</td>
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<tr>
<td>Corporate Financial Stewardship</td>
<td>(4.6)</td>
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<tr>
<td>Provisional Settlement</td>
<td>(2.8)</td>
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<tr>
<td><strong>Add:</strong></td>
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<tr>
<td>New and Emerging Pressures</td>
<td>0.6</td>
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<tr>
<td>Impact of Final Settlement</td>
<td>0.1</td>
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<tr>
<td><strong>Remaining Budget &quot;Gap&quot;</strong></td>
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Limited Options to Close the Budget Gap
Domiciliary Care Funding

» Made a strong case for relaxation or lifting of the cap
» Sector faces significant additional cost pressures in a fragile provider sector
» Confirmation that the cap will be raised to £70 per week from April 2017 (£0.238m) and £10 per week thereafter
» Additional Grant of £10m across Wales (£0.430m)
» The additional funding from a combination of the increase in the charging cap and a share of the specific grant reduces the projected gap to £1.329m
Council Tax

» Forecast assumes an increase of 3%
» Capping limits likely to apply greater than 5% (each increase of 0.1% contributes £0.058m)
» North Wales Fire and Rescue increase of 4.52% for FCC (£0.317m) – not included in current estimates
» Adding the levy to Council Tax would raise to 3.55% from 3%
» The budget gap is increased to £1.646m once the increase in the levy is taken into account
School Investment

» An uplift of 1.34% included in the forecast (£1.2m)
» To be distributed through the School Funding Formula
» Reduction in provision presents risks to school budget planning
» Corporate Resources Overview and Scrutiny Committee recommends this level be maintained
Council Tax and Use of Reserves and Balances

» If school investment maintained only options remaining are striking a balance between Council Tax and use of reserves

» An amount of £0.699m already approved to meet year 1 costs of Apprentice Levy

» Balanced judgement over what is prudent and mindful of impact on budget for future years

» Council Tax income is recurring so benefits current and future years
Budget Risks and Issues

» Single Environment Grant
  » Reduction of 3.7% (£0.110m)

» Transportation Costs
  » Negotiations with WG ongoing
  » Review of routes and frequency

» Social Care Fees
  » Negotiations with external care providers ongoing
  » Fee increase to be maintained within forecast
  » Any amount remaining to be set aside to mitigate ongoing budget risks
Professional Opinions

» **Section 151 Officer/Corporate Finance Manager:** confirms the reasonableness of the budget estimates but not without risk; 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; challenge of setting a budget increasingly more difficult; several ongoing risks and Council has to be confident they are understood and manageable; Fair and sustainable funding at national level a predominant risk for new Council
The Future

» Limited capacity for further savings to meet further reductions in national grant support in future years

» Increasing budget pressures from new national tax burdens and shifting of responsibility for national decisions

» The sustainability of the Council budget – under the current funding systems and formula – coming into question. Commitment to a national funding review