

CORPORATE RESOURCES AND OVERVIEW COMMITTEE

Date of Meeting	Thursday, 17 May 2018
Report Subject	Budget Efficiency First Stage Tracking for the 2018/19 Council Fund Budget
Cabinet Member	Leader of the Council and Cabinet Member for Finance
Report Author	Corporate Finance Manager and Chief Executive

EXECUTIVE SUMMARY

The purpose of the report is to provide members with an update on the early progress made on the implementation of efficiencies included within the budget 2018/19.

Due to the financial climate, in recent years the Council has needed to set challenging levels of efficiencies to ensure that it meets its legal duty of setting a balanced budget. The 2017/18 budget contained £8.433m of efficiencies which have been rigorously tracked and monitored. The staged approach to budget setting adopted by the Council supports effective budget planning and implementation.

The Month 11 budget monitoring report for the closing financial year (2017/18) advised that £7.970m of efficiencies were projected to be achieved - an achievement rate of 95%. This meets the annual target set as a Medium Term Financial Strategy Performance Indicator. This is an improvement on recent years where the achievement rate has averaged at around 85%.

The first detailed monitoring report for 2018/19 is not due until September with an interim report is scheduled for July. At the last meeting members requested an update on the progress made on implementing the efficiencies included in the 2018/19 budget and a Red/Amber/Green risk (RAG) status on delivery expectations has been compiled.

It is currently projected that £6.182m (71%) of the 2018/19 efficiency total of £8.777m are Green, £2.395m (27%) Amber, and only £0.200m (2%) classified as a Red risk.

RECOMMENDATIONS

1	Members note the progress made on the implementation of efficiencies approved as part of the budget for 2018/19.
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REPORT DETAILS

1.00	IMPLEMENTATION OF EFFICIENCIES – BUDGET 2018/19
1.01	The purpose of the report is to provide members with an update on the progress made on the implementation of efficiencies included within the budget 2018/19.
1.02	Due to the financial climate, in recent years the Council has needed to set challenging levels of efficiencies to ensure that it meets its legal duty of setting a balanced budget. The 2017/18 budget contained £8.433m of efficiencies which have been rigorously tracked and monitored.
1.03	The monthly budget monitoring report includes a detailed update on the progress made on achieving the efficiencies included in the budget. The Month 11 report advised that £7.970m were projected to be achieved in the 2017/18 financial year - an achievement rate of 95%. This meets the target set as a Medium Term Financial Strategy Performance Indicator. This is an improvement on recent years where the achievement rate has averaged at around 85%.
1.04	The first detailed monitoring report for 2018/19 is not due to be reported until September with an interim report is scheduled for July. At the last meeting members requested an update on the progress made on implementing the efficiencies included in the 2018/19 budget and a Red/Amber/Green (RAG) risk status on delivery expectations has been compiled.
1.05	It is currently projected that £6.182m (71%) of the 2018/19 efficiency total of £8.777m are Green, £2.395m (27%) Amber, and only £0.200m (2%) classified as a Red risk.
1.06	<p>The areas classified as Amber or Red are listed below for information:</p> <p>Red Risks</p> <p><i>Housing and Assets</i></p> <ul style="list-style-type: none">- Reduction in Management Costs (£0.050m): under active review- SHARP Framework (£0.020m): under active review <p><i>Planning, Environment and Economy</i></p> <ul style="list-style-type: none">- Minerals and Waste – provide consultancy (£0.050m): under active review

	<ul style="list-style-type: none"> - Energy Framework income (£0.050m): under active review <p><i>Social Services</i></p> <ul style="list-style-type: none"> - Disability Services – contract review (£0.030m): under active review <p>Amber Risks</p> <p><i>Housing and Assets</i></p> <ul style="list-style-type: none"> - Council Tax Reduction Scheme (£0.250m): dependent on customer demand - Financial Assessments Service (£0.050m): review of respective team roles in portfolios to reduce overheads underway - County Hall Rationalisation (£0.300m): action plan for a partial transition to occupancy to Unity House, Ewloe, and the demolition of Phases 3 and 4 of County Hall on time with a good level of confidence in this risk being reduced <p><i>Planning, Environment and Economy</i></p> <ul style="list-style-type: none"> - Building Control – review charging (£0.030m): under active review - Business Development Regionalisation (£0.013m): under active review as part of regional collaborative working <p><i>Corporate</i></p> <ul style="list-style-type: none"> - Flintshire Connects – cost reductions (£0.056m): subject to a report to Cabinet in May which, if approved, will remove this risk <p><i>Strategic Programmes</i></p> <ul style="list-style-type: none"> - Leisure, Libraries and Heritage – Business Plan (£0.416m): ongoing work around the business plan with Aura, the new employee mutual for these services, has led to a good level of confidence in this risk being reduced/removed <p><i>Streetscene and Transportation</i></p> <ul style="list-style-type: none"> - Car parking charges (£0.450m): dependent on customer demand - Green Waste service income (£0.800m): target achieved so risk now removed for 2018/19 <p><i>Social Services</i></p> <ul style="list-style-type: none"> - Workforce Development – income (£0.030m): under active review
1.07	An interim budget monitoring report for 2018/19 will be reported in July to Cabinet and Corporate Resources Overview and Scrutiny Committee, and will include the impact of any projected underachievement of efficiencies. As is normal practice rigorous budget management will need to be applied to mitigate any potential in-year overspends.

2.00	RESOURCE IMPLICATIONS
2.01	As set out in the report. Any underachievement on the level of efficiencies included in the budget will have a negative impact on the budget position unless they are mitigated by other positive variances. Updates will be provided through the monthly budget monitoring report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Consultations have been undertaken with stakeholders as necessary as part of the budget process 2018/19.

4.00	RISK MANAGEMENT
4.01	Efficiency proposals were risk assessed as part of the budget process 2018/19.

5.00	APPENDICES
5.01	None.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Contact Officer: Gary Ferguson, Corporate Finance Manager Telephone: (01352) 702271 E-mail: gary.ferguson@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	<p>Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.</p> <p>Financial Year: the period of twelve months commencing on 1 April.</p> <p>Projected Outturn: projection of the expenditure to the end of the financial year, made on the basis of actual expenditure incurred to date.</p> <p>Revenue: a term used to describe the day-to-day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.</p> <p>Variance: difference between latest budget and actual income or expenditure. Can be to date if reflecting the current or most up to date position or projected, for example projected to the end of the month or financial year.</p> <p>Medium Term Financial Strategy: a written strategy which gives a forecast of the financial resources which will be available to a Council for a given period, and sets out plans for how best to deploy those resources to meet</p>

	its priorities, duties and obligations.
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