

# Public Document Pack



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To: Cllr Clive Carver (Chairman)

Councillors: Marion Bateman, Peter Curtis, Andy Dunbobbin, Robin Guest, Ron Hampson, Richard Jones, Brian Lloyd, Richard Lloyd, Vicky Perfect, David Roney, Ian Smith, Nigel Steele-Mortimer, Carolyn Thomas and Arnold Woolley

\*\*\*\*\* ALL MEMBERS ARE INVITED TO ATTEND THIS MEETING \*\*\*\*\*

22 January 2016

Dear Councillor

You are invited to attend a meeting of the Corporate Resources Overview & Scrutiny Committee which will be held at 10.00 am on Friday, 29th January, 2016 in the Council Chamber, County Hall, Mold CH7 6NA to consider the following items

## A G E N D A

### 1 APOLOGIES

**Purpose:** To receive any apologies.

### 2 DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)

**Purpose:** To receive any Declarations and advise Members accordingly.

### 3 COUNCIL FUND REVENUE BUDGET 2016/17 (Pages 3 - 134)

Report of Member Engagement Manager enclosed. Portfolio of the Leader of the Council and Cabinet Member for Finance

**Purpose:** To consult the committee (and all Members of the Council who have been invited to attend and participate) on the Council Fund revenue Budget proposals for 2016/17.

Yours faithfully

Peter Evans  
Democracy & Governance Manager





## CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE

<b>Date of Meeting</b>	29 <sup>th</sup> January 2016
<b>Report Subject</b>	Council Fund Revenue Budget 2016/17
<b>Cabinet Member</b>	Leader of the Council and Cabinet Member for Finance
<b>Report Author</b>	Member Engagement Manager
<b>Type of Report</b>	<b>Strategic</b>

### EXECUTIVE SUMMARY

The purpose of the meeting is to offer the Committee (and by invitation, all members of the Council) the opportunity to comment on the proposals contained within the Council Fund Revenue Budget for 2016/17 report which was considered by the Cabinet at its meeting on 19<sup>th</sup> January 2016.

The budget is being built up in two main stages.

The first and current of these stages has two phases. The first phase consists of the service business plan proposals and corporate financing proposals presented to the Overview and Scrutiny Committees throughout December. The second phase consists of the new corporate financing proposals presented to Cabinet on 19 January. The attached report covers the first stage in full. At the end of this first stage the remaining gap to be found stands at £3.447m.

The second stage, to come, will include the additional proposals, yet to be reported, to close this remaining gap. None of these additional proposals are intended to directly affect services to the public.

The final budget will be presented to Cabinet on the morning of Tuesday 16 February and then to Council on the afternoon of the same day, Council will be recommended to adopt a balanced budget, without any deferral, on that day. Council will then meet again on 1 March. The purpose of this second meeting will be to pass the Council Tax resolution, including the Town and Community Council precepts, based on the budget resolution passed on 16 February

## RECOMMENDATIONS

1	To consider and comment on the Stage One Phase Two budget proposals contained within the attached report to respond to Cabinet
2	To note the ongoing work for the Stage Two of the budget leading to the recommendation of a final budget to Cabinet and Council in February.

## REPORT DETAILS

<b>1.00</b>	<b>The Budget Consultation Process</b>
1.01	The budget process for 2016/17 was based on the Council addressing the 'budget gap' within the Medium Term Financial Strategy. In order to keep Members of the Council as fully informed as possible, and to maintain dialogue, there was an extensive information and consultation exercise of the autumn of 2015. There have been a series of consultation workshops for all Members and there have been bespoke briefings for Group Leaders and Overview & Scrutiny Chairs.
1.02	A series of formal budget consultation meetings with the six Overview & Scrutiny committees was held between 7 <sup>th</sup> and 18 <sup>th</sup> December 2015. This process had been arranged before the publication of the Provisional Local Government Settlement on 9 <sup>th</sup> December.
1.03	We had anticipated that there may have been a need to hold further meetings of all six overview & Scrutiny committee during January. This has proved unnecessary, but we have held a meeting of Education & Youth, to report from the School Budget Forum meeting on 7 <sup>th</sup> January.
1.04	The purpose of this meeting is to extend to all members of the Council, including the co-opted members, the opportunity to consider and comment on the stage one budget proposals.

## **2.00 RESOURCE IMPLICATIONS**

2.01	As in the substantive report, which is attached.
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## **3.00 CONSULTATIONS REQUIRED / CARRIED OUT**

3.01	As in the substantive report, which is attached.
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## **4.00 RISK MANAGEMENT**

4.01	As in the substantive report, which is attached.
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<b>5.00</b>	<b>APPENDICES</b>
	Cabinet report by the Chief Executive and Corporate Finance Manager dated 19.01.15 - Council Fund Revenue Budget for 2016/17

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p>The background document to this report is attached as the appendix.</p> <p><b>Contact Officer:</b> Robert Robins, Member Engagement Manager  <b>Telephone:</b> (01352) 702320  <b>E-mail:</b> <a href="mailto:Robert.robins@flintshire.gov.uk">Robert.robins@flintshire.gov.uk</a></p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	Please see the glossary attached to the report of the Chief Executive and Corporate Finance Manager which is attached at Appendix 1.

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**CABINET**

<b>Date of Meeting</b>	19 January 2016
<b>Report Subject</b>	Council Fund Revenue Budget 2016/17
<b>Cabinet Member</b>	Leader and Cabinet Member for Finance
<b>Report Authors</b>	Chief Executive and Corporate Finance Manager
<b>Type of Report</b>	Strategic

**EXECUTIVE SUMMARY**

This report presents the Council Fund Revenue Budget for the 2016/17 financial year for adoption by Cabinet and recommendation to Council.

Work on the budget is not yet complete. This is due to a combination of (1) the scale of the savings and efficiencies to be found given the challenge this unprecedented savings target poses and (2) the uncertainty over the national budget position and its impacts on the Council. Therefore, the budget is being presented to Cabinet in two stages over January and February prior to presentation, in a full and final form, to Council on 16 February 2016.

This first stage report presents the majority of the budget. The first phase of the proposals contained within the first stage report (see Part B) have been examined and reviewed by the Overview and Scrutiny Committees throughout December 2015. The proposals are listed in the appendices, and individual fact sheets on each proposal will also be made available within January for reference. The second phase of proposals in this report are newly presented (see Part B).

The Provisional Local Government Settlement was announced by the Welsh Government on 9 December 2015. Whilst there is some uncertainty over a number of specific grants which fund individual services the announcement has sufficient detail for the scale of the funding 'gap' to be recalculated and for our budget proposals to be sized accordingly.

The on-going work to move to closing the budget, to be presented in final form in February, is summarised within this report. These further proposals will be examined by the respective Overview and Scrutiny Committees later in January 2016 prior to being formally presented to Cabinet for adoption.

The report at the end of part C presents a remaining budget gap of £1.598M having taken into account all budget proposals, both those pre-reported in December 2015, and those newly presented within this report. This gap rises to around £3.447M when taking into account new and emergent pressures which are listed and are under ongoing review. Should Cabinet approve the recommendations set out below then the ongoing work on the budget will be restricted to the activity described in Parts C and D of the report.

The report is set out in the following parts for the reader to navigate through the chronology of the budget and a complex set of budget proposals and considerations:-

- Part A: Initial Forecasting of the Budget 'Gap' for 2015/16-2017/18 (1.01-1.03)
- Part B: The Local Government Settlement, A Revised Forecast and the Budget Strategy for 2016/17 (1.04-1.20)
- Part C: Plans for Closing the Budget (1.21-1.25)
- Part D: Further Work to be Completed to Close the Budget (1.26-1.31)
- Part E: Calculation of the Total Revenue Budget And Budget Requirement (1.32-1.36)

A list of tables within the report is set out below as a guide:-

- Table 1: Service Business Plan Efficiency Proposal Targets 2016/17
- Table 2: Corporate Financial Stewardship Proposal Targets 2016/17
- Table 3: Impacts of the Settlement (as announced on 9 December)
- Table 4: First Stage – Second Phase Proposals to Balance the Budget
- Table 5: Summary of Proposals to Close the Budget Gap
- Table 6: New and Emergent Pressures

## RECOMMENDATIONS

1. To adopt the first stage – first phase of budget proposals for the Council Fund Revenue Budget 2016/17 for recommendation to Council.
2. To adopt the first stage – second phase proposals for the Council Fund Revenue budget 2016/17 for referral to the respective Overview and Scrutiny Committees, and secondly to Cabinet and then final consideration by Cabinet in February
3. To endorse the strategy for the ongoing work to seek to close the remaining budget 'gap' and recommend a balanced annual budget to Cabinet in February.



## REPORT DETAILS

<b>1.00</b>	<b>Presenting the First Stage of the Council Fund Revenue Budget</b>
	<b>Part A: Initial Forecasting of the Budget 'gap' for 2015/16-2017/18</b>
1.01	In mid to late 2015 the Council published the new version of its Medium Term Financial Strategy (MTFS) in two parts: Part 1: <i>Forecasting the Challenge</i> and Part 2: <i>Meeting the Financial Challenge</i> . (attached as Appendices 1 and 2)
1.02	As set out in <i>Forecasting the Challenge</i> , a cumulative real reduction in resources available to the Council of £52.8M was forecast for the three year period 2015/16 to 2017/18. As explained within the MTFS this gap is a consequence of the combined impacts of:- <ul style="list-style-type: none"> <li>• reductions in the Revenue Support Grant from Welsh Government;</li> <li>• reductions in specific grants from Welsh Government;</li> <li>• no provision within the Local Government Settlement for pay and price inflation;</li> <li>• limited or no provision within the Local Government Settlement for nationally recognised demand-led or policy-led cost pressures in services; and</li> <li>• local service and corporate financing cost pressures.</li> </ul>
1.03	At the time of publishing the MTFS the predicted funding gap for Flintshire for 2016/17 was £20.8M. The biggest determinant of the actual size of this gap is the level of reduction in the Revenue Support Grant to be allocated to Flintshire by Welsh Government as part of the Local Government Settlement.
	<b>Part B: The Local Government Settlement, a Revised Forecast and the Budget Strategy for 2016/17</b>
1.04	The Provisional Local Government Settlement for 2016/17 was announced by Welsh Government on 9 December 2015. As reported to both Cabinet and the Corporate Resources Overview and Scrutiny Committee in December the impacts of the Settlement, which was an improved Settlement on the forecast position, would reduce the predicted gap for 2016/17 by £3.770M to £17.030M.
1.05	The initial proposals for the first stage of the draft budget reported to Cabinet in December 2015, and examined by the Overview and Scrutiny Committees throughout the month, presented corporate efficiencies of £5.0M, and service portfolio efficiencies of £7.755M, (Revised figure) together totalling £12.755M. Prior to the announcement of the Provisional Settlement the remaining gap stood at £8.045M. The remaining gap had been reduced by £3.770M, to £4.275M, as a result of the Settlement.
1.06	A separate report is included within the agenda for this Cabinet meeting which proposes a response to the Settlement. A presentational summary of the Settlement and its impacts on Flintshire is included at Appendix 3.

<b>Budget Strategy: Stage One – First Phase</b>															
1.07	The Council's Budget Strategy, as set out in <i>Meeting the Financial Challenge</i> , builds on the work done within 2015/16 to achieve sizeable organisational change to reduce costs with the aim of protecting local public services. Following the implementation of a new corporate operating model in 2014, and the introduction of new style business plans for the services within each of the new Chief Officer portfolios, the organisation has been reformed at some pace with all service portfolios working to a target of 30% reductions in net costs over three years (with the exception of schools and social services).														
1.08	This three year strategy has been underpinned by the principles of:- <ul style="list-style-type: none"> <li>• planning for the long-term as a whole organisation;</li> <li>• making decisions for local public services which are sustainable;</li> <li>• being ambitious and positive about change to better the organisation;</li> <li>• having a clear philosophy underpinned by social value; and</li> <li>• managing the transition from the current to the future with care.</li> </ul>														
1.09	The twin objectives of this major and sustained programme of change and cost reduction continue to be (1) maximising the financial efficiency of the organisation and better aligning our resources to priorities and (2) modernising the organisation to be lean, productive, efficient, resilient and high performing.														
1.10	For the 2016/17 budget the strategy set out in <i>Meeting the Financial Challenge</i> proposed a three part set of solutions under the headings of:- <ol style="list-style-type: none"> <li>1. Service Reform</li> <li>2. Corporate Finance Stewardship</li> <li>3. Working with Welsh Government</li> </ol>														
1.11	A set of service reform net cost budget reductions drawn from the portfolio business plans with a set of corporate financing cost reductions were drawn together in mid-2015 and then developed throughout the second half of the calendar year as the first contribution to the annual budget for 2016/17. These combined proposals were shared with service management teams, Group Leaders and Chairs and Vice-Chairs then all members of the Council informally, prior to formal presentation to the Overview and Scrutiny Committees, for examination and review, throughout December 2015.														
1.12	These proposals are summarised in Tables 1 and 2 below. <p><b>Table 1: Service Business Plan Efficiency Proposal Targets 2016/17</b></p> <table border="1"> <thead> <tr> <th><b>Portfolio</b></th> <th><b>£M</b></th> </tr> </thead> <tbody> <tr> <td><i>Planning and Environment</i></td> <td>0.413</td> </tr> <tr> <td><i>Streetscene and Transportation</i></td> <td>2.158</td> </tr> <tr> <td><i>Social Care</i></td> <td>0.838</td> </tr> <tr> <td><i>Education and Youth</i></td> <td>0.710</td> </tr> <tr> <td><i>Community and Enterprise</i></td> <td>1.509</td> </tr> <tr> <td><i>People and Resources</i></td> <td>0.250</td> </tr> </tbody> </table>	<b>Portfolio</b>	<b>£M</b>	<i>Planning and Environment</i>	0.413	<i>Streetscene and Transportation</i>	2.158	<i>Social Care</i>	0.838	<i>Education and Youth</i>	0.710	<i>Community and Enterprise</i>	1.509	<i>People and Resources</i>	0.250
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	<i>Governance</i>	0.535										
	<i>Organisational Change</i>	1.272										
	<i>Chief Executive's</i>	0.070										
	<b>Total</b>	<b>7.755</b>										
	<p><i>Footnote 1: the detail of individual proposals is set out in Appendix 9</i></p> <p><i>Footnote 2: the above figures are based on the finalised costed proposals. The total figure of £7.755M is a reduction of £0.471M on the figures reported previously.</i></p> <p><b>Table 2: Corporate Financial Stewardship Proposal Targets 2016/17</b></p> <table border="1"> <thead> <tr> <th><b>Subject and Proposal</b></th> <th><b>£M</b></th> </tr> </thead> <tbody> <tr> <td><i>Inflation Management: part absorption of inflation risk</i></td> <td>1.0</td> </tr> <tr> <td><i>Corporate Overheads: selective reduction in provisions</i></td> <td>1.0</td> </tr> <tr> <td><i>Schools Funding Formula: controlled schools investment</i></td> <td>2.5</td> </tr> <tr> <td><i>Local Income: new and increased charging</i></td> <td>0.5</td> </tr> </tbody> </table> <p><i>Footnote: the above figures are based on the finalised costed proposals</i></p>		<b>Subject and Proposal</b>	<b>£M</b>	<i>Inflation Management: part absorption of inflation risk</i>	1.0	<i>Corporate Overheads: selective reduction in provisions</i>	1.0	<i>Schools Funding Formula: controlled schools investment</i>	2.5	<i>Local Income: new and increased charging</i>	0.5
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1.13	<p>The outcomes of the Overview and Scrutiny examination round of meetings are summarised in the presentation slides given to the Corporate Resources Overview and Scrutiny Committee at the close of this series of meetings (see Appendix 4). All members were invited to this final meeting. Few of the budget proposals were highlighted by the Committees for either clarification or further consideration. Those proposals which were highlighted were re-explained to the satisfaction of the Corporate Resources Overview and Scrutiny Committee at this closing meeting. Therefore, all proposals remain for recommendation and adoption noting that some carry risks of either complexity or time delay in their deliverability.</p>											
	<b>National Campaigning</b>											
1.14	<p>For the third part of the strategy Flintshire has engaged in intensive activity in making the case for local government prior to the announcement of the Provisional Local Government Settlement by Welsh Government. This was done through collective campaigning through the Welsh Local Government Association (WLGA), and separately as an individual council exposed to the risks of major reductions in its national funding. The campaigning was based on the coherent arguments made in <i>Meeting the Financial Challenge</i>. This campaigning work has proven to be effective with the Welsh Government announcing a better than expected financial settlement for local government. However, several principal issues on which local government and Flintshire campaigned remain unresolved (see the accompanying report on the Provisional Local Government Settlement).</p>											
	<b>Community Engagement</b>											
1.15	<p>For the 2015/16 budget the Council ran a public engagement exercise called <i>The Big Budget Conversation</i>. This exercise was largely internet and media based. For 2016/17 the Council built on the learning from this exercise and ran a new community engagement exercise under the heading of <i>This is Your Moment</i>. Whilst drawing on internet resources, and making use of the media, the exercise was broadened with seven public meetings being held across the County as the main method of explanation and engagement. A</p>											

	summary report of the community engagement exercise is attached at Appendix 5.												
1.16	The Council also drew in local stakeholders in its national campaigning work. A number of local stakeholders from the public, business and voluntary sectors, and from the schools community and Trade Union community, took an active part in making the case for local government and for Flintshire.												
	<b>Budget Strategy: Stage One - Second Phase</b>												
1.17	As summarised in 1.03 the initial forecast budget 'gap' was £20.8M. If the first phase combined corporate budget proposals and service business plans budget proposals were approved, this gap, prior to taking into account the impacts of the Provisional Local Government Settlement, would be reduced to £8.045M based on the figures reported previously.												
1.18	To achieve a balanced budget for recommendation to Council two actions remain. Firstly, to take into full account the impacts of the Provisional Settlement on the assumption that although in draft form and open to consultation, the Final Settlement, to be announced in March 2016, will not worsen the position for Flintshire. Secondly, to identify and examine further options to close the remaining gap.												
1.19	As Table 3 illustrates the Provisional Settlement has had a positive effect in restoring income of £3.770M.  <b>Table 3: Impacts of the Settlement (as announced on 9 December 2015)</b>												
	<table border="1"> <thead> <tr> <th>Subject</th> <th>Calculation and Risk Mitigation</th> <th>£M</th> </tr> </thead> <tbody> <tr> <td><i>Revenue Support Grant</i></td> <td>Reinstate Revenue Support Grant as the difference between a forecast 3.5% loss and the actual 1.5% loss in the Provisional Local Government Settlement.  <i>Acceptability Risk: none</i> <i>Workability Risk: none</i></td> <td>3.370</td> </tr> <tr> <td><i>Council Tax Base</i></td> <td>Increase base provision due to the 2015 forecast of qualifying property numbers in the County and due to the outcome of the on-going Single Person Discount Review.  <i>Acceptability Risk: none</i> <i>Workability Risk: low as based on accurate projections.</i></td> <td>0.400</td> </tr> <tr> <td colspan="2" style="text-align: right;"><b>Sub-Total: £3.770M</b></td> <td></td> </tr> </tbody> </table>	Subject	Calculation and Risk Mitigation	£M	<i>Revenue Support Grant</i>	Reinstate Revenue Support Grant as the difference between a forecast 3.5% loss and the actual 1.5% loss in the Provisional Local Government Settlement.  <i>Acceptability Risk: none</i> <i>Workability Risk: none</i>	3.370	<i>Council Tax Base</i>	Increase base provision due to the 2015 forecast of qualifying property numbers in the County and due to the outcome of the on-going Single Person Discount Review.  <i>Acceptability Risk: none</i> <i>Workability Risk: low as based on accurate projections.</i>	0.400	<b>Sub-Total: £3.770M</b>		
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1.20	The remaining gap (£8.045M) has been reduced by £3.770M, to £4.275M, as a result of the Settlement, before taking into account new and emergent pressures and any revisions to the detailed calculations for the budget proposals reported in December. The original forecast for pressures dates back to mid-2015. The reassessment of pressures, detailed at 1.24 below, will need to be taken into account in resizing the budget gap and in reaching												

	a balanced budget. Additional pressures of a value of £1.849M have been identified and are listed in table 6. Their cost, and the likelihood of the pressures materialising in year, are under review.	
	<b>Part C: Plans for Closing the Budget</b>	
1.21	A commitment has been made by Cabinet, the Chief Executive and the Chief Officers to aim to close the remaining gap through corporate financing solutions, as far as possible, and to avoid introducing new and late service cost reduction options which would be of concern to elected members and the public.	
1.22	Table 4 sets out the second phase of proposals to close the remaining gap.	
	<b>Table 4: First Stage – Second Phase Proposals to Balance the Budget</b>	
	<b>A: Further Impacts of the Provisional Local Government Settlement</b>	
	<b>Subject</b>	<b>Calculation and Risk Mitigation</b>
	<i>Welsh Independent Living Grant (formerly Independent Living Fund)</i>	Late confirmation that the Grant has not been included in the core Settlement and will continue to be funded for a further year as a specific grant. The value of the potential loss of grant to Flintshire is £0.450M and was identified as a national pressure in the MTFS. The net value of this positive confirmation, following deduction of administration costs, is £0.412M.  <i>Acceptability Risk:</i> none <i>Workability Risk:</i> none for 2016/17 noting that the grant is not guaranteed for future years
		<b>£M</b>
		0.412
	<b>Sub-Total: £0.412M</b>	
	<b>B: Adjustment of Local Pressures</b>	
	<b>Subject</b>	<b>Calculation and Risk Mitigation</b>
	<i>Recalculation of Schools Based Cost Pressures (Education and Youth)</i>	Recalculation of schools based cost pressures following a detailed reassessment of pressures including pay and pensions based on current employment figures.  <i>Acceptability Risk:</i> none <i>Workability Risk:</i> low as based on latest figures and funding is pass-ported to schools through a modernised and transparent schools funding formula.
		<b>£M</b>
		0.350
	<i>Reassessment of cost pressure for care support for transition from childhood to adulthood (Social Care)</i>	The cost pressure for meeting the costs of complex care packages for individuals in the care of the Authority and transitioning from childhood to adulthood, has been reassessed based on (1) the latest information on the individual assessments of need and (2) success in negotiations with Betsi Cadwaladar University Health Board
		0.451

	<p>over their funding contributions as a care partner (a £0.300M gain). The calculated case cost pressures are identified as a local pressure in the MTFs. The total value of the pressure was forecast to be £0.923M for 2016/17. The pressure can now be reduced to £0.472M.</p> <p><i>Acceptability Risk:</i> none  <i>Workability Risk:</i> low as based on latest case by case projections and funding agreements between the Council and Betsi Cadwaladar University Health Board.</p>	
<i>Employer Pension Contributions</i>	<p>The obligations upon the Council as an employer to fund the Clwyd Pension Fund are under continuous review. No more so than in a period of organisational change where (1) the workforce is being reduced in number through a combination of organisational re-design and employees choosing to leave through voluntary redundancy or retirement and (2) the impacts of change such as the Single Status Agreement are being worked through. Employer pension contributions are identified as a workforce pressure in the MTFs. The total value of the combined pensions pressures was forecast to be £5.655M for 2016/17. The pressure can now be reduced by £0.460M based on the latest review.</p> <p><i>Acceptability Risk:</i> none  <i>Workability Risk:</i> low as based on latest workforce number projections.</p>	0.460
<b>Sub-Total: £1.261M</b>		
<b>C: Corporate Financing Risk Management</b>		
<b>Subject</b>	<b>Calculation and Risk Mitigation</b>	<b>£M</b>
<i>Inflation Provision for 2015/16</i>	<p>The centrally held provision for meeting inflation costs has not been called upon in full, within 2015/16, as the Council has been able to either mitigate or absorb the costs within its base budgets allocated to services. There is also an underspend remaining for Non Standard Inflation (NSI) provided as part of a carry-forward from 2014/15. This is no longer required in the base. The provision can therefore be revised by £0.350 for a recalculation for 2016/17.</p> <p><i>Acceptability Risk:</i> none  <i>Workability Risk:</i> low as based on actual trends in inflation in costs as opposed to forecasts.</p>	0.350
<i>Price and Non Standard</i>	The Council holds a central provision for Non Standard Inflation (NSI) to cover	0.654

	<p><i>Inflation (NSI) Provision for 2016/17</i></p>	<p>fluctuations in energy, fuel and food (mainly schools catering) market prices. Full provision was made in the inflation forecasted figure within the MTFS to meet NSI cost pressures. Market intelligence suggests zero inflation or deflation in the fuel market, and reasonable levels of predictability for energy and food prices which may have peaked. Based on current inflation trends, and the organisational ‘appetite’ for absorbing inflation pressures in part, the provision can be removed.</p> <p>The Council has in the past met the forecast costs of specific service inflationary pressures in full. These costed pressures are also included in the forecast for Inflation Pressures included in the MTFS. Based on a similar assessment to that summarised above for NSI, the provision can be reduced by 50%.</p> <p>The combined value of these reductions in provision for inflation is £0.654M.</p> <p><i>Acceptability Risk:</i> low as based on a calculated risk assessment between the Chief Officer Team and the Finance Team  <i>Workability Risk:</i> medium as full provision for predicted inflation is no longer provided.</p>																												
		<b>Sub-Total: £1.004M</b>																												
		<b>Total: £2.677M</b>																												
1.23	<p>The combined total of the initial proposals to close the remaining budget gap, as set out in Table 4 above, is £2.677M. Therefore, the remaining gap, before taking into account new and emergent pressures, is £1.598M, as shown in Table 5.</p> <p><b>Table 5: Summary of Proposals to Close the Budget Gap</b></p> <table border="1" data-bbox="320 1630 1385 2047"> <thead> <tr> <th>Source</th> <th>Calculation</th> <th>£M</th> </tr> </thead> <tbody> <tr> <td>MTFS</td> <td>Original Forecast Gap</td> <td>- 20.800</td> </tr> <tr> <td>Table 1</td> <td>Service Business Plans Proposals</td> <td>+7.755</td> </tr> <tr> <td>Table 2</td> <td>Corporate Financial Stewardship Proposals</td> <td>+5.000</td> </tr> <tr> <td>Table 3</td> <td>Impacts of the Settlement</td> <td>+3.770</td> </tr> <tr> <td>Table 4A</td> <td>Further Impacts of the Provisional Local Government Settlement</td> <td>+0.412</td> </tr> <tr> <td>Table 4B</td> <td>Adjustment of Local Pressures</td> <td>+1.261</td> </tr> <tr> <td>Table 4C</td> <td>Corporate Financing Risk Management</td> <td>+1.004</td> </tr> <tr> <td colspan="2" style="text-align: right;"><b>Remaining Gap Based on the Original Forecast:</b></td> <td><b>-£1.598M</b></td> </tr> </tbody> </table>			Source	Calculation	£M	MTFS	Original Forecast Gap	- 20.800	Table 1	Service Business Plans Proposals	+7.755	Table 2	Corporate Financial Stewardship Proposals	+5.000	Table 3	Impacts of the Settlement	+3.770	Table 4A	Further Impacts of the Provisional Local Government Settlement	+0.412	Table 4B	Adjustment of Local Pressures	+1.261	Table 4C	Corporate Financing Risk Management	+1.004	<b>Remaining Gap Based on the Original Forecast:</b>		<b>-£1.598M</b>
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1.24	<p>The new and emergent pressures which have been identified over the winter months since the MTFS forecast, and which are currently under examination, are set out below. The cost calculation for each pressure, and the likelihood of each pressure materialising in-year and if so their impacts, are being assessed in detail. A full report will be made to Cabinet in February 2016 on the outcome of this work and the need for budget provision to be set aside to protect the Council from in-year pressures.</p> <p><b>Table 6: New and Emergent Pressures</b></p> <table border="1"> <thead> <tr> <th><b>Income Pressures</b></th> <th><b>Detail</b></th> <th><b>£M</b></th> </tr> </thead> <tbody> <tr> <td><i>Recycling Income</i></td> <td>Fall in income from the sale of recyclates (plastic, metals etc) due to an oversupply in the global recycling market.</td> <td>0.419</td> </tr> <tr> <td><i>Sustainable Recycling Grant</i></td> <td>Reduction in the level of grant funding allocated to local authorities by Welsh Government for 2016/17 within the new Single Environment Grant in 2016/17.</td> <td>0.276</td> </tr> <tr> <td><i>Animal Health &amp; DEFRA Grant</i></td> <td>Shortfall due to ending of a partnership with Wrexham County Borough Council.</td> <td>0.044</td> </tr> <tr> <td><i>Leisure Income</i></td> <td>Lower than projected income levels achieved for the customer use of Deeside Ice Rink, Deeside Leisure Centre.</td> <td>0.070</td> </tr> <tr> <td><i>Housing Benefit Subsidy</i></td> <td>Loss of subsidy claimable from Government for Housing Benefit paid out to claimants (this claim is still under review and the position may improve).</td> <td>0.193</td> </tr> <tr> <td><b>Unachieved Efficiencies Carried Forward from 2015/16</b></td> <td></td> <td></td> </tr> <tr> <td><i>Workforce Efficiency Proposal</i></td> <td>Unable to achieve proposed annual leave 'buy back' and extended use of pool car schemes due to the workability of the schemes (the reduction of car use costs may be re-included in the 2016/17 draft budget).</td> <td>0.200</td> </tr> <tr> <td><i>Review Model/Costs contract for Catering</i></td> <td>Efficiency deferred due to ongoing work to move to an Alternative Delivery Model (ADM) for the catering</td> <td>0.050</td> </tr> </tbody> </table>		<b>Income Pressures</b>	<b>Detail</b>	<b>£M</b>	<i>Recycling Income</i>	Fall in income from the sale of recyclates (plastic, metals etc) due to an oversupply in the global recycling market.	0.419	<i>Sustainable Recycling Grant</i>	Reduction in the level of grant funding allocated to local authorities by Welsh Government for 2016/17 within the new Single Environment Grant in 2016/17.	0.276	<i>Animal Health &amp; DEFRA Grant</i>	Shortfall due to ending of a partnership with Wrexham County Borough Council.	0.044	<i>Leisure Income</i>	Lower than projected income levels achieved for the customer use of Deeside Ice Rink, Deeside Leisure Centre.	0.070	<i>Housing Benefit Subsidy</i>	Loss of subsidy claimable from Government for Housing Benefit paid out to claimants (this claim is still under review and the position may improve).	0.193	<b>Unachieved Efficiencies Carried Forward from 2015/16</b>			<i>Workforce Efficiency Proposal</i>	Unable to achieve proposed annual leave 'buy back' and extended use of pool car schemes due to the workability of the schemes (the reduction of car use costs may be re-included in the 2016/17 draft budget).	0.200	<i>Review Model/Costs contract for Catering</i>	Efficiency deferred due to ongoing work to move to an Alternative Delivery Model (ADM) for the catering	0.050
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		service (final business case to be presented in February 2016).	
	<i>Regional Approach to Advocacy</i>	The regional tendering exercise did not deliver the level of projected financial savings in full.	0.048
	<i>Funding to Voluntary Sector (Social Care)</i>	Adjustment to the forecast efficiency following review of the portfolio of funded provider organisations.	0.138
	<i>Remittance Advice to Landlords</i>	Adjustment to original efficiency based on the workability of the scheme,	0.041
	<b>New Pressures</b>		
	<i>Procurement</i>	Increased cost of the Joint Procurement Service with Denbighshire County Council based on service needs to achieve procurement income targets and apportionment of costs with the partner council.	0.028
	<i>Matrix (Sub-regional contract for procuring agency workers)</i>	Reduction in costs savings per agency worker employed achieved through a more competitive procurement framework due to the lower levels of agency workers being taken on by the Council as an employer.	0.050
	<i>Animal Feed Control</i>	Pressure due to the funding transferring out of the Provisional Settlement for 2015/16.	0.022
	<b>Sub total</b>		<b>1.579</b>
	<b>Transitional Funding Adjustment 2015/16 Budget</b>		
	Funding from Reserves	As part of the 2015/16 budget strategy a temporary amount of £0.270m was utilised to balance the budget. This technical adjustment reverses the impact on the base budget for 2016/17.	0.270
	<b>Total</b>		<b>1.849</b>
1.25	Taking into account the new and emergent pressures the remaining budget gap therefore increases to £3.447M. However, the pressures included at this stage will be subject to review and challenge as part of the finalisation of the budget and any changes included in the final report in February 2016.		
	<b>D: Further Work to be Completed to Close the Budget</b>		

1.26	Work is ongoing to identify further budget reduction options in the areas of workforce costs, and the use of reserves and balances. The new and emergent pressures are also being reviewed in detail. The outcomes of this work will similarly be reported to Cabinet in February 2016.
	<b>Council Tax Income</b>
1.27	The MTFS forecast was based on a working assumption that Council Tax would be increased in 2016/17 by 3%. As set out in the MTFS, explained in presentations in meetings within the Council, and tested with the public in the community engagement meetings, the Council can set an annual taxation rise up to a 5% maximum. The final taxation figure will need to be considered by Cabinet and then Council in February 2016.
1.28	Given the remaining budget gap, as set out in Table 5, and the outstanding work on the examination of new and emergent pressures, the level at which Council Tax will need to be set will require serious consideration. For planning purposes a rise of 5% will need to be built in to assumptions. The difference in value between a 3% Council Tax rise, and a 5% Council Tax rise, having deducted a provision to meet the additional benefits contributions to those eligible under the Council Tax Reduction Scheme (CTRS), would be £1.131M. A number of Welsh Councils are under a similar budget pressure and are considering a maximum annual Council Tax rise at 5%.
1.29	In setting its budget on 16 February the Council will need to decide the level of Council Tax increase it is going to make for 2016/17. The Council will meet again on 1 March to pass the formal resolution for levying the Council Tax once it has received the notification of the precepts from the town and community councils. Intelligence on the Final Local Government Settlement should become available in between the two meetings. Keeping the option open to set an annual rise of 5% will be important should the Council's financial position be worsened by any change to the Final Settlement which would have the effect of creating an additional financial pressure to be reconciled in setting the budget.
1.30	A full risk assessment of the final budget proposals will be presented to Cabinet and Council in February 2016. Risks that will require detailed consideration include:- <ul style="list-style-type: none"> <li>• the impacts of specific grant reductions;</li> <li>• mitigating inflationary impacts;</li> <li>• achieving income targets;</li> <li>• achievement of efficiencies on time and to financial target;</li> <li>• the capacity of the organisation to manage large scale and complex change programmes;</li> <li>• new and emergent pressures;</li> <li>• use and reliance on reserves and balances; and</li> <li>• the availability of limited remaining reserves to meet unforeseen pressures in-year.</li> </ul>

1.31	The Chief Finance Officer and Chief Executive will advise Cabinet and Council in February 2016 with their risk assessments in their formal statutory advisory roles.																																				
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	<b>Proposed Budget</b>																																				
1.32	<p>At this point in the budget planning there is a remaining budget gap on the recurring base budget of 3.447MM as detailed in the table below:</p> <p>Sections 1.33- 1.46 below set out further details and assumptions made:-</p> <table border="0" data-bbox="331 645 1385 1926"> <thead> <tr> <th data-bbox="331 645 1268 689"><b><u>Funding</u></b></th> <th data-bbox="1268 645 1385 689"><b>£M</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="331 719 1268 757">Aggregate External Funding (AEF)/RSG NNDR</td> <td data-bbox="1268 719 1385 757">184.743</td> </tr> <tr> <td data-bbox="331 763 1268 801">Council Tax</td> <td data-bbox="1268 763 1385 801">66.275</td> </tr> <tr> <td data-bbox="331 808 1268 846"><b>SSA/Budget Requirement</b></td> <td data-bbox="1268 808 1385 846"><b>251.018</b></td> </tr> <tr> <td data-bbox="331 891 1268 929">Specific Grants (Estimated)</td> <td data-bbox="1268 891 1385 929">34.159</td> </tr> <tr> <td data-bbox="331 974 1268 1012"><b>Total Funding</b></td> <td data-bbox="1268 974 1385 1012"><b>285.177</b></td> </tr> <tr> <td data-bbox="331 1057 1268 1102"><b><u>Expenditure</u></b></td> <td data-bbox="1268 1057 1385 1102"></td> </tr> <tr> <td data-bbox="331 1146 1268 1184">Base Budget Rolled Forward</td> <td data-bbox="1268 1146 1385 1184">287.605</td> </tr> <tr> <td data-bbox="331 1229 1268 1267">Prior Yr Budget Decisions Recurring (Appendix 6)</td> <td data-bbox="1268 1229 1385 1267">8.845</td> </tr> <tr> <td data-bbox="331 1312 1268 1350">Prior Yr Budget Decisions One off dropping out (Appendix 6)</td> <td data-bbox="1268 1312 1385 1350">(0.730)</td> </tr> <tr> <td data-bbox="331 1395 1268 1433">Inflation (Appendix 7)</td> <td data-bbox="1268 1395 1385 1433">2.193</td> </tr> <tr> <td data-bbox="331 1478 1268 1516">Pressures &amp; Investments Recurring (Appendix 8)</td> <td data-bbox="1268 1478 1385 1516">1.964</td> </tr> <tr> <td data-bbox="331 1561 1268 1599">Efficiencies - Business Planning (Appendix 9)</td> <td data-bbox="1268 1561 1385 1599">(7.755)</td> </tr> <tr> <td data-bbox="331 1606 1268 1644">Efficiencies - Corporate Finance (Appendix 10)</td> <td data-bbox="1268 1606 1385 1644">(2.510)</td> </tr> <tr> <td data-bbox="331 1688 1268 1727">Less Specific Grants 2015/16</td> <td data-bbox="1268 1688 1385 1727">(35.147)</td> </tr> <tr> <td data-bbox="331 1733 1268 1771">Plus Specific Grants 2016/17 (Estimated Appendix 11)</td> <td data-bbox="1268 1733 1385 1771">34.159</td> </tr> <tr> <td data-bbox="331 1816 1268 1854"><b>Total Expenditure</b></td> <td data-bbox="1268 1816 1385 1854"><b>288.624</b></td> </tr> <tr> <td data-bbox="331 1899 1268 1937"><b>Shortfall</b></td> <td data-bbox="1268 1899 1385 1937"><b>3.447</b></td> </tr> </tbody> </table>	<b><u>Funding</u></b>	<b>£M</b>	Aggregate External Funding (AEF)/RSG NNDR	184.743	Council Tax	66.275	<b>SSA/Budget Requirement</b>	<b>251.018</b>	Specific Grants (Estimated)	34.159	<b>Total Funding</b>	<b>285.177</b>	<b><u>Expenditure</u></b>		Base Budget Rolled Forward	287.605	Prior Yr Budget Decisions Recurring (Appendix 6)	8.845	Prior Yr Budget Decisions One off dropping out (Appendix 6)	(0.730)	Inflation (Appendix 7)	2.193	Pressures & Investments Recurring (Appendix 8)	1.964	Efficiencies - Business Planning (Appendix 9)	(7.755)	Efficiencies - Corporate Finance (Appendix 10)	(2.510)	Less Specific Grants 2015/16	(35.147)	Plus Specific Grants 2016/17 (Estimated Appendix 11)	34.159	<b>Total Expenditure</b>	<b>288.624</b>	<b>Shortfall</b>	<b>3.447</b>
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	<b>Resources</b>
1.33	Total resources of £285.177M include funding from Revenue Support Grant (RSG), National Non Domestic Rates (NNDR), Council Tax and Specific Grants. The provisional settlement confirmed that the former unhypothecated Outcome Agreement Grant would cease in 2016/17 , although there is no financial impact on the overall budget as it has transferred into the Settlement at the same value (£1.479m).
1.34	Currently, the amount to be raised from Council Tax is assumed as an increase in the Band D Council Rate of 3.0% (excluding Police and Town/Community Council precepts) and a 99% collection rate. This equates to an increase of £30.76 on 2015/16 and a Band D rate of £1,056.03. At 3%, this assumption is at the lower end based on the Council's local taxation policy set out in the Medium Term Financial Strategy and, as such, will need to be one of the factors to be reviewed in closing the remaining budget gap (see part D)
1.35	A 3.0% increase in the Band D Rate results in a Budget Requirement of £251.018m.
1.36	As the Council's proposed increase in the Band D rate differs from that assumed by Welsh Government when calculating Flintshire's Standard Spending Assessment (SSA), the budget requirement is £2.713M below its calculated SSA of £253.731m as notified in the Provisional Settlement. The specific grants figure of £34.159M is provisional, with the Welsh Government yet to advise of the 2016/17 level for a number of grants. However, in line with the Council's MTFs, expenditure levels need to be managed within the final figures announced by the Welsh Government. Appendix 11 details the information received from Welsh Government to date.
	<b>Expenditure</b>
1.37	<i>Previous Year Growth / Items Dropping Out</i> Each year indicative amounts for previous year's pressures and investments and efficiencies are included in the budget for the following two years. In the current budget the net effects of the changes agreed in 2014/15 and 2015/16 equate to a net increase of £8.845m for recurring items and a reduction of £0.730m in relation to one-off items of expenditure as detailed in Appendix 6. These amounts have been reviewed as part of the 2016/17 budget and where appropriate an adjustment made to reflect the current position.
1.38	<i>Pay and Price Inflation</i> Inflation of £2.193m is shown in detail in Appendix 7
1.39	The proposals at this stage assume a 1% increase on pay from April 2016, although the outcome of national negotiations has yet to be agreed.
1.40	Price inflation of £0.573m has been included in the draft proposals for some targeted service areas following a detailed assessment.

1.41	Based on market intelligence and recent spend history there is no above standard inflation allocation required for 2016/17.
1.42	Income inflation amounting to £0.185M has been assumed on the yield from existing fees and charges.
1.43	The inflation figures referred to above exclude inflation on specific grant income and related expenditure as the specific grant figures are indicative only at this stage. Adjustments will be applied when the figures are confirmed by the Welsh Government but this will be cost neutral to the Council.
1.44	There were no transfers in to the Settlement in relation to former Specific Grants.
1.45	Appendix 8 sets out the recurring pressures and investment of £1.964M included in the 2016/17 budget over and above the impact of previous year decisions and includes the new and emergent pressures that will be subject to further review.
1.46	Information on the efficiency proposals are detailed in Appendix 9 with an amount of £7.755M arising from the portfolio Business Plans and £2.510M arising from the Corporate Financing options.
	<b>Schools Budget</b>
1.47	Under the School Funding (Wales) Regulations 2010, local authorities are required to notify Welsh Government of the proposed budget for schools for the forthcoming year by 14th February each year. The First Minister has indicated his commitment to protect schools funding in 2015/16 by 1% above the change in the overall Welsh Government budget. For 2016/17 this equates to 1.85%. It should be noted that the protection expectation is relative to Welsh Government's funding from the UK Treasury and not the level of Individual Council settlements from Welsh Government.
1.48	The current budget proposals meet the First Minister's expectation of protecting schools, although the Council will continue to review investment in schools, particularly for inflationary pressures. The Council is also committed to increasing the amount of the school budget delegated to schools progressively. This is within the strategic framework which embraces the school modernisation programme, numbers of children in school (demographic change) and investment through the 21st Century Schools Programme.
1.49	The Welsh Government has indicated that in line with ongoing plans to streamline the education grants regime the Education Improvement Grant (EIG) will transfer into RSG in 2016/17, the formula basis of distribution of this grant through RSG has yet to be announced. Welsh Government have indicated that it is likely that the funding for EIG will be reduced but the amount of this reduction is not known at this time.
1.50	Based on recent intelligence on Post 16 funding levels we are anticipating a flat line budget in 2016/17. However, it should be noted that as post 16 provision in certain schools will cease in September 2016 when the new

	post 16 hub opens at Coleg Cambria the total funding Flintshire receives will be reduced.
1.51	Welsh Government have announced an increase of £100 per pupil eligible for Pupil Deprivation Grant (PDG). Based on the number of pupils eligible for Free School Meals this equates to an increase in funding of £0.275M in 2016/17. The total increase in funding for schools in Flintshire for PDG in 2016/17 arising from the per pupil increase and due to the overall increase in pupils eligible for Free School Meals is £0.477M (18%).
	<b>Equality Impact Assessment</b>
1.52	The Council has an obligation to assess the potential equalities impact of its budget proposals to ensure that there is no discrimination or disadvantage to either service users or employees. The Council has included consideration of any equalities impacts within its risk assessment process for the budget proposals. Reference to the risk assessments is made in the factsheets which provide detail behind each budget proposal.
	<b>EARMARKED AND UNEARMARKED RESERVES</b>
	<b>Base Level of Unearmarked Reserves</b>
1.53	The Council's Medium Term Financial Strategy confirms the Council's commitment to maintaining a base level of reserves of 2% of turnover. The current base level of reserves is £5.769m as reported in the monthly budget monitoring reports. Despite the fact that funding has reduced in 2016/17 over 2015/16 it is proposed that un-earmarked reserves are maintained at the same level for 2016/17 which will provide an additional safeguard in the current uncertain financial climate.
	<b>Contingency Reserve</b>
1.54	When the 2015/16 budget was set the Contingency Reserve was estimated to be £3.955M at 31 March 2015. As a result of the net underspend reported in the final outturn for 2014/15 the actual amount in the Contingency Reserve at the year-end was £4.746mm.
1.55	The 2015/16 Month 7 Budget Monitoring report which is also on this agenda, shows an estimated balance of £4.923mm in the contingency reserve as at 31 March 2016, although there are two specific recommendations in the report which if approved will reduce the amount to £4.023M.
1.56	Whilst the base level of reserves is a known sum which is set aside, the level of contingency reserve is based on the current estimate and is subject to change at the end of the financial year.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	The resource implications of the budget position are significant. These are explained within this report, previous reports, and the MTFS.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Consultations have been undertaken internally with elected members, senior officers and their service teams, and Trade Unions. Consultations have been undertaken externally via the publication and distribution of the MTFS, and with the public as set out in the report and in the appendices.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	The national reductions in funding for local government pose the greatest risk to the governance, performance and sustainability of the Council since the previous reorganisation in the mid-1990s. This risk is being mitigated through a twofold approach. Firstly, the Council continuing to streamline and innovate. Secondly, by working with Welsh Government to seek some support and relief from budget reductions based on a reasoned case. This twofold approach is set out in the Part 2 of the MTFS <i>Meeting the Challenge</i> .
4.02	The risks posed to the plans to change and innovate within specific services are managed through assessing the risks and impacts of change as part of framing options and making decisions. Effective programme management arrangements are in place to oversee the implementation of the Chief Officer portfolio business plans and to manage these risks in close detail, with reports being made to Cabinet and Overview and Scrutiny at key stages of decision-taking and, later, performance reporting and evaluation.

<b>5.00</b>	<b>APPENDICES</b>
5.01	<p><b>Set One: General Background</b></p> <p>Appendix 1: Draft Medium Term Financial Strategy 2015-2018 Part 2: <i>Meeting the Challenge</i></p> <p>Appendix 2: Published Medium Term Financial Strategy 2015-2018 Part 1: <i>Forecasting the Challenge</i></p> <p>Appendix 3: Summary of the Provisional Local Government Settlement 2016/17 as presented to Cabinet in December 2015</p> <p>Appendix 4: The presentation materials for the Corporate Resources Overview and Scrutiny Committee which met at the close of the examination round of the first stage budget proposals in late December</p> <p>Appendix 5: Report of the Community Engagement Activity November-December 2015</p>
5.02	<p><b>Set Two: Detailed Budget Financial Appendices</b></p> <p>Appendix 6: Prior Year Budget Decisions</p> <p>Appendix 7: Inflation</p> <p>Appendix 8: Pressures and Investments</p> <p>Appendix 9: Business Plan Efficiency Proposal Spreadsheets (in support of Table 1 of the report)</p> <p>Appendix 10: Efficiencies Corporate Financing</p> <p>Appendix 11: Specific Grants</p>

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<ol style="list-style-type: none"> <li>1. The agendas, minutes and presentation materials from previous Cabinet and Overview and Scrutiny Committee meetings from mid-2015 onwards (all available on <a href="http://www.flintshire.gov.uk">www.flintshire.gov.uk</a>)</li> <li>2. The separate report on the Provisional Local Government Settlement also on the Cabinet agenda for 19.01.16 (available on <a href="http://www.flintshire.gov.uk">www.flintshire.gov.uk</a>)</li> <li>3. The Provisional Local Government Settlement 2016/17 <a href="http://gov.wales/about/cabinet/cabinetstatements/2015/lqsettlement1617/?lang=en">http://gov.wales/about/cabinet/cabinetstatements/2015/lqsettlement1617/?lang=en</a></li> </ol>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
	<p><b>Medium Term Financial Strategy (MTFS):</b> 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 its priorities, duties and obligations.</p> <p><b>Council Fund:</b> the majority of the Council’s revenue expenditure covering all services except Council Housing for which there is a stand-alone and ring-fenced account called the Housing Revenue Account (HRA).</p> <p><b>Annual Settlement:</b> the amount of its funds the Welsh Government will allocate annually to local government as a whole, as part of its total budget, and to individual councils one by one. The amount of Revenue Support Grant (see below) each council will receive is based on a complex distribution formula for awarding Aggregate External Finance (AEF). The formula is underpinned by assessments of local need based, for example, of population size and demographics and levels of social deprivation.</p> <p><b>Aggregate External Finance (AEF):</b> the total amount of support the Welsh Government provides to councils each year. The total is made up of Revenue Support Grant (see below), a share of the national ‘pool’ of National Non-Domestic Rates (see below) and a number specific grant where funds are provided for councils to spend on specified services to achieve pre-set outcomes for example in education or waste collection.</p> <p><b>Local Government Funding Formula:</b> the system through which the annual funding needs of each council is assessed at a national level, and from which each council’s annual AEF (see above) is derived. The formula is very complex. In summary, using information such as statistics on local population change and deprivation, the formula sets a guide for each council’s funding needs called the Standard Spending Assessment (SSA).</p> <p><b>Revenue Support Grant:</b> the annual amount of money the Council receives from Welsh Government to fund what it does alongside the Council Tax and</p>



other income the Council raises locally. Councils can decide how to use this grant across services although their freedom to allocate according to local choice can be limited by guidelines set by Government.

**National Non-Domestic Rates:** the business equivalent of the Council Tax where companies pay a property based tax for local services. Each council as the local collection authority collects the tax from companies, pays it into a national 'pool', and then receives a share back as part of its Annual Settlement (see above).

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# Medium Term Financial Strategy

Part 2 - September 2015

Meeting the Financial Challenge



2015 - 2018

# Introduction

The second part of the Medium Term Financial Strategy (MTFS) sets out how the Council plans to meet the challenge of the financial forecast set out in the first part of the strategy.

In the first part of the MTFS we illustrated a forecast for the resources the Council will have available for the three year period 2015/16-2017/18. This forecast is based on the latest and most reliable available intelligence.

This second part of the MTFS builds on the work of recent years for the Council to be a modern, cost-efficient and high performing organisation providing resilient local public services which can be sustained in future years in the face of considerable funding pressures.

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# 1. Sizing the Challenge

Councils are highly dependent on annual grant funding from Government to resource the local services we provide to local communities. As set out in Part 1 of the Strategy *Forecasting the Challenge* our resources are being reduced, year on year, through big reductions in these grants. The Council also has to meet cost pressures such as inflation and the demands of local people for services, with less money at our disposal. We forecast a 'gap' of £52.8m in the resources of the Council over the three year period 2015/16-2017/18. A forecast is simply a type of prediction. Whilst based on the latest and most reliable available intelligence a forecast cannot be guaranteed to work out as assumed, and the actual funding position for the Council could become better or worse over time.

Part 1 of the Strategy *Forecasting the Challenge* forecasts a cumulative and real impact reduction in resources available to the Council of £52.8m over the three year period. As Part 1 says "our resources are being reduced year on year, through big reductions in the grants we depend on from Government. We also then have to meet cost pressures, such as inflation, with less money at our disposal. Inflation, rises in demand for critical services, and the cost of legal obligations placed upon us, such as pensions reform, all place a strain on our reducing budget".

In the 'annual settlement' where Government decides how much funding to set aside for local government, provision was once made for inflation and other pressures with councils being funded to meet them. This is no longer the case with councils now facing a double pressure of an actual reduction in their annual grant on the

one side, and no financial protection for the extra things they have to fund on the other.

This is why the annual targets for budget reductions, or funding 'gaps' to be bridged, come out so high.

For Flintshire the annual 'gaps' as set out in Table 1 are £18.3m for 2015/16, £20.8m for 2016/17 and £13.7m for 2017/18.

A cumulative funding gap of over £50m against a net budget of around £250m is challenge enough for any council. The challenge is made both more complicated and more daunting by two factors - the unpredictability of specific levels of funding for local government, and the number of years for which the public sector will have to endure repeat and compounding reductions in Government grant.

The unpredictability comes from the absence of a medium term Government plan which sets out, with a reasonable level of certainty, the resources which will be allocated for local government and, in turn, to each individual council. In *A Shared Commitment: Local Government and the Spending Review* published in June 2015 the Local Government Association (LGA) calls for adequate and fair funding for the public services. The LGA and the Welsh Local Government Association (WLGA) have long been pressing for medium term financial settlements which would allow councils to plan ahead. Likewise, the Independent



Table 1 - Summary of forecasting position 2015 - 2018

Expenditure	2015/16 £m	2016/17 £m	2017/18 £m	Total £m
National Pressures	0.9	0.4	0.3	1.6
Local Pressures	6.2	2.5	1.2	9.9
Inflation	4.1	4.1	4.3	12.5
Workforce Pressures	2.5	9.4	3.7	15.6
<b>Income</b>				
Reduction in Revenue Support Grant (3.5%)	6.6	6.5	6.3	19.4
Council Tax Increase (3%)	(2.0)	(2.1)	(2.1)	(6.2)
<b>Projected Gap</b>	<b>18.3</b>	<b>20.8</b>	<b>13.7</b>	<b>52.8</b>

Commission on Local Government Finance in Financing English Devolution has called for the new UK Government to ‘commit to full and clear multi-year settlements to enable effective long-term planning for local authorities and other public sector services’. In the absence of Government taking a lead with resilient longer-term planning how can councils be expected to ‘plan ahead and make better-informed decisions’ in strategic planning as suggested by the Wales Audit Office in its publication *Meeting the Financial Challenges Facing Local Government in Wales?*

The daunting challenge comes from the fiscal plans of the UK Government to rebalance national debt as a key feature of its economic policy. The repeated annual reductions in national public spending can be expected to continue for the remainder of the decade based on Government policy and the evaluation of its impacts by reputable commentators such as the Institute for Fiscal Studies. Local Government in England has not had the protection of relative shielding from public spending cuts as have some other public services, such as the NHS, a development which is now being mirrored in Wales with local government being given less priority.

As explored in Chapter 4 local government in Wales has a higher dependence on Government grant than its peer group in England. This exposes councils in Wales to a greater level of threat of resource reduction in the absence of parallel

freedoms and flexibilities such as the retention of additional National Non Domestic Rate (NNDR) or ‘business rates’ income through successful strategies for promoting local business growth.

The accuracy of the forecast set out for Flintshire will be determined by a number of factors. Government decisions on funding, trends in inflation, national employment policy and pay trends, and pressures on services through demographic change and Government policy, will all come into the mix.

The forecast set out in Part 1 of the MTFs will be regularly reviewed and updated for Council plans to be reviewed and re-set.



## 2. Flintshire: An Efficient and Innovative Council

All public sector organisations should be expected to be efficient, channelling as much of their resources as possible into services to local communities, and keeping their overhead and administrative costs to a minimum. Equally, all organisations should be innovative in finding new solutions to protect and develop their services with fewer and fewer resources. Flintshire prides itself on being an efficient and innovative council. Whilst there is always more that can be done, we have done much already. As each year of finding efficiencies to bridge the budget gap passes by the scope to find new efficiencies narrows. It is important that we demonstrate to our communities, Government, our regulators and ourselves, what we have done and what we plan to do to indeed be efficient and innovative.

Councils are, by law, required to set a balanced budget for each financial year and cannot 'carry' ongoing and unfunded deficits. Flintshire has a successful track record of prudent financial planning whilst meeting its legal obligations, and of having its annual accounts passed by its external auditors, year on year, without qualification.

For many years councils have had to find annual efficiencies and savings to balance up their budgets. In recent years the scale of the annual efficiency and savings targets required have risen to levels which have taken councils into uncharted territory.

Flintshire has achieved close to £60m of efficiencies and savings in the mainstream or 'Council Fund' expenditure over the past eight financial years from 2008/09 to now. In earlier years these budget

changes were often made to reinvest money from one service in another to support the priorities the Council saw as important. In more recent years budget changes have been made to fund the annual budget 'gap' caused by the national reductions in local government finance described in Chapter 1. The fact that the last two financial years of 2014/15 and 2015/16 account for nearly £25m or 42% of this total figure, shows how the funding position for Flintshire is deteriorating.

It is helpful to avoid using jargon in presenting this picture of Flintshire's recent history. When public organisations use the term efficiency they actually mean a number of budgeting changes which, taken together, fall under this generic term. In our case the term combines the following:-

- Reducing the overall costs of individual services through reviewing the way they are organised and making them more efficient as business operations
- Smarter procurement or 'buying' and 'contracting'
- Reducing basic costs in the way the organisation works for example its processing systems
- Reducing senior management and administration costs
- Reducing the size and cost of the workforce
- Raising more income through fees and charges for services





Table 2 - Council Annual Efficiency Targets 2008/09 - 2015/16

Year	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Budget</b>	226.419	233.335	240.408	239.896	241.203	258.825	253.718	249.979
<b>Target £</b>	5.654	3.803	6.151	8.920	4.716	5.331	11.950	12.874
<b>Target %</b>	2.50	1.63	2.56	3.72	1.95	2.06	4.70	5.15

Throughout the document we use the term efficiencies and savings to mean all of these things brought together under one easy to use heading.

If a tax payer were to say 'prove to me that the Council is efficient' then a good answer would involve showing the volume and quality of a service against the amount of money spent on it. To take the answer further the respondent would show how well the council was performing in this 'value for money' assessment against comparable councils providing the same types of services. Therefore, it is important to show how well Flintshire is performing, not just how cost efficient it might be to live up to the 'tag' of being an 'efficient and innovative council'.

Comparators of our performance in our peer group of local councils are used in Chapter 3 where we explore how well funded the council actually is.

In this Chapter we demonstrate how cost efficient the council is against the benchmark of having to achieve increasingly large targets of efficiencies and savings to bridge the annual funding 'gap' through being innovative.

In recent years the Council has been highly innovative. The following are some big examples of this:-

- Reducing senior management posts and their support by nearly 50%
- Reducing 'middle' management by between 25-30%
- Reducing administration and clerical positions by over 40%
- All services being on track to achieve 30% cost reduction targets (except education and social care)
- Large scale voluntary redundancy programmes for non-teaching employees.

- Reduction in non-school based employees of 6% over the past 12 months alone
- Sharing buildings by co-locating with partners including North Wales Police, Job Centre Plus and Coleg Cambria
- Reducing office accommodation by 16% through smarter ways of working
- Procuring or bulk buying with other councils to get a better deal e.g. computer hardware
- Integrating services with other councils in the region to share costs e.g. education
- Trading with other councils in services to share costs e.g. Occupational Health
- Stopping trading in services where the market performs better, for example trade waste
- Inviting local communities to take on treasured local buildings and facilities through 'community asset transfer'
- Moving a number of services away from direct Council provision and into new 'alternative delivery models' and reducing their level of public 'subsidy' as a result

Recent ground breaking work shows how the Council is being innovative to do things differently. These include setting up a new wholly Council owned Trading Company "New Homes" to help provide homes for local people; the SHARP programme (Strategic Housing and Regeneration Programme) to build new Council and affordable housing; switching social services for adults with mental health issues and learning disabilities to a new social enterprise, called "Double Click", to protect them for the future.

The opportunities for such innovations are diminishing; the opportunities to save money are diminishing with them.

### 3. Flintshire: A Low Funded Council

Councils in Wales are funded by Welsh Government through a mechanism called the Local Government Funding Formula. Within this formula a calculation or benchmark of what each council needs called the Standard Spending Assessment (SSA) is included. The SSA is based on factors including demography, population change and deprivation. Whilst being a theoretical calculation the SSA is significant in determining how much of the share of public funds set aside for local government in Wales comes to Flintshire. For Flintshire some 65% of our annual funding comes from Welsh Government through the formula. The Local Government Funding formula is complex and theoretical. Whilst it can be argued that the formula distributes the available funds fairly across twenty-two local authorities according to need, the formula was not designed for a situation where the total amount of funding being pass-ported through it was in sharp decline.



The formula works on theoretical indices of need; it does not take into account the cost base of services as provided in each county in real life. Counties like Flintshire will have needs which are not sufficiently recognised in a technical formula which makes no provision for flexibility and exceptions.

Flintshire, for example, is a semi-rural county with a number of equally sized county towns where communities need localised services. The Council therefore has to manage a network of dispersed services for example schools, leisure centres, libraries and household recycling centres. The point will come when the amount counties receive through the formula is simply insufficient to maintain services in a way which is similar to current configurations. This means that local services will face major upheaval as the current pattern cannot be maintained. The cost of running a secondary school efficiently from one council to the next, or that of a principal leisure centre is

similar regardless of factors such as rurality and deprivation. The amount of Government grant we are now receiving is no longer sufficient to maintain local services to the levels to which local communities are accustomed. So for councils with low funding it becomes a question of how many schools or leisure centres a council can afford to keep open and run, and not one of how efficient they can be one by one.

Flintshire has come 19th out of the 22 councils for the amount of Government funding it receives through the formula per head of population in each of the last two years. The Wales Audit Office (WAO) noted in its most recent Annual Improvement Report that in 2014/15 gross expenditure in Flintshire was £2,064 per head, lower than in 2011/12, whilst the average across Wales had risen from £2,250 to £2,312 per head for the same period. WAO calculated that our gross expenditure had fallen by some 7% over the past three years against a Welsh average of 3%. This analysis demonstrates that Flintshire is a low funded council through the formula. With such low funding the scope for making savings and efficiencies, whilst trying to maintain services in ways which support and serve local communities, is very constrained.

To explore and demonstrate whether Flintshire is indeed a low funded council we engaged The

Chartered Institute of Finance and Accountancy (CIPFA) to provide advice. CIPFA tested the presumption that Flintshire is 'a low funded council in Wales with less flexibility and capability to find sufficient efficiencies under the current funding system and formula'. The work was conducted using existing data sets and information and with no new empirical research. The work looked at spend and performance in education and social services as the two main areas of council spending, and also in highways as a third area as one of the priorities of the Council and one of keen public interest.

The report of CIPFA concludes that 'based on the research that we have carried out using nationally published data sets we can form a number of tentative conclusions'. We can conclude that:-

- Flintshire is a low spending authority on both Social Care and Education;
- Flintshire achieves a relatively high level of performance on both of these services despite the low level of expenditure;
- Flintshire spends at an above average level on highways;
- Flintshire achieves the highest level of performance in Wales on the performance measure of roads in poor condition.

The report goes on to recognise that Flintshire has a comparatively lower percentage of elderly people amongst the local population as a demographic, and a lower percentage of children in 'care'. It also recognises that the County has comparatively lower levels of deprivation under the Wales Index

of Multiple Deprivation (WIMD). The report also notes that the County has a large volume of daily road traffic compared to other Welsh counties.

The CIPFA analysis demonstrates that Flintshire is a low funded and a high performing council in its two principal service areas, and is both a higher spender and a higher performer than the average in highways.

CIPFA then go on to note that from the Council's own statistics on demand 'there appears to be:-

- a declining birth rate that could lead to a lower demand for school places, although this could also have an adverse effect on unit costs and the funding formula;
- an increasing demand for services for the elderly;
- a deteriorating condition of the highways and footpaths network due to lower spending under the County's preventative approach to maintenance.'

It should be added to the above that Flintshire has experienced unprecedented rises in levels of demand for Children's Services in the past two years and has had to make extra investment in this highly sensitive area of social services to cope.

In confirming that Flintshire has 'a low Standard Spending Assessment (SSA) due to the demand statistics in the calculation formula and a low level of Aggregate External Finance (AEF)' the independent analysis highlights that Flintshire receives lower funding under the current system. Why does this matter? If education and social care account for two thirds of the Council's expenditure, and we already spend relatively lowly on them - on spend per pupil in schools and on spend per head of the adult population for social care - then there is inevitably limited scope to be more cost efficient. Given that Flintshire performs highly in both service areas then any significant reduction in spend will directly impact on performance to the detriment to pupils and students, and local people in need of care support. Whilst there may appear to be scope for a reduction in spend on highways maintenance, any such reduction will impact on the quality of local roads people use. Flintshire roads may be the best maintained in Wales but the condition of our roads is declining.



The CIPFA report concludes as follows. 'Overall, we may conclude that, although the County has a low level of funding and expenditure, it is able to achieve a generally high level of performance. The low level of funding appears to be due to a low level of demand for services which is reflected in the SSA calculation. Where demand for a service is high, in the case of Transport, the County is a higher spender and is able to achieve the highest level of performance. This may lead to the conclusion that with additional funding and a higher level of expenditure the County could increase its current level of performance in other services. However, the spending on highways looks set to fall under the County's preventative approach to maintenance.

Notwithstanding this conclusion we have been made aware of a number of local factors that impact on the County's ability to deliver services and which have little or no impact on the funding formula. Although we have not attempted to verify or quantify the impact as part of this review the key points to consider include:-

- the County has a large business base impacting, for example, on infrastructure investment and

planning and public protection services and this is not included in the funding formula;

- the formula makes no recognition of historic and current patterns of local provision according to community need and county conurbations;
- the County's geographical positioning with England, in the context of its highway infrastructure and *Gateway to Wales* position leads to high volumes of traffic both in and out of the County.

The CIPFA report closes with the final critical point that 'the County's Medium Term Financial Strategy does not at this stage show a balanced position and the fact that it is making a national case for funding relief could be interpreted as suggesting that the County has reached the stage where it is no longer viable'.

This stark conclusion to the analysis does point to the risk of the Council being financially unsustainable as a unit under the current funding formula on which we rely for close to three quarters of our funding. This underpins the rationale for our three part strategy.

## How We Perform

**In 2014/15 Flintshire achieved better than the Welsh average in 62% of the national performance indicators councils use and was in the top three performers in 20% of these indicators**

### Our highlights:

- the highest number of young people engaged in education, employment or training for the last 3 years
- educational attainment - GCSE level for first language English or Welsh - ranked as top for the last 3 years
- consistently high school attendance - 1st or 2nd position over the past 3 years
- care plans for Social Services clients been produced on time; the top performer for 2 years
- the best condition of roads for the last 3 years

The National Public Survey shows that the Council is ranked 2nd in Wales for providing good quality services according to the views of residents.

## 4. Flintshire: Our Funding Strategy

**The Council funding strategy has three parts - service reform, corporate financial stewardship and working with Welsh Government. The first two parts are based on local reform and choice. The third is based on choice and decision-making by and within Welsh Government. The three parts are inter-dependent. For the strategy to succeed, progress will need to be made in each of the three parts.**

As has been demonstrated in Chapter 2 Flintshire is an efficient and innovative council. As has been demonstrated in Chapter 3 Flintshire is a low funded council. Taken together these chapters show that as a council with a relatively low resource base we have few opportunities left for bridging the funding 'gap' through local innovation, without resorting to further and deeper service reforms, cuts and even closures of a scale unprecedented in North East Wales.

The three part strategy is based on the reality that councils and other public bodies are part of a wider system of public sector funding. Whilst councils should be expected and be challenged to be efficient and innovative, and make local choices to reduce their costs to contribute to making best use of public funding as part of the UK 'austerity programme', they cannot act alone and governments need to share in the responsibility.

In a funding system where councils in Wales depend on Government grant for up to 75% of their annual revenue funding for mainstream council services, with a sizeable proportion of it ring-fenced for specific services through the specific grants system, their capacity to act flexibly with their resources is constrained. In Part 1 of the MTFS we explain how national changes introduced by government, whether at a UK or Wales level, for example social policies or new legislation, can bring in new financial pressures on councils as the providers of services direct to the public. If governments desire social or legal change then they have a duty to carefully consider the resourcing consequences; otherwise, the budgets for existing local services will inevitably be placed under increasing strain.

Under part one of the funding strategy the Council takes responsibility for continuing to reform and modernise local services through its three year service 'portfolio' business plans. All services and corporate support services, with the exception of education and social care, have 30% cost reduction targets to achieve. Under part two the Council takes responsibility for the prudent use of corporate finances for example absorbing the costs of inflation, raising income, and managing workforce costs. Under part three we set out realistic expectations of Welsh Government as our principal funder.



## 4a. Funding Strategy Part 1: Service Reform

Council services are organised into portfolios or groups. Year on year each chief officer, who leads a portfolio, is asked to find efficiencies and savings to help balance the total Council budget. These savings are found through bigger actions such as making changes to how services are organised and delivered to local communities, through to smaller actions such as cutting out unnecessary expenditure and wastage. More recently this work has broadened into more challenging work such as reducing service provision, charging for services, and reducing the size of the workforce. All services, other than Education and Social Services, have been given a target of reducing their costs by at least 30% over this three year period. The total savings target services are working to is £28.2m over the three year period.

### Council Service Portfolios

The Council has grouped its services into eight portfolios for the purpose of organisation and management. In doing this the organisation went through a major upheaval in 2015 to introduce a new operating model - or way of working - with a streamlined and closer working team of chief officers. Each chief officer is responsible for one of the portfolios. A major task for each of the new chief officers has been to develop a three year business plan for their group of services for the period 2015/16-2017/18.

### Portfolio Business Planning

The new business plans for each service portfolio take the Council to levels of challenge and planning which are unprecedented. Services have always worked to business plans. The motivation for this new approach was twofold: to make significant reductions in operating costs in response to the financial challenge of major reductions in

Government grant income to the Council, and to modernise and improve the organisation to new levels of ambition and excellence.

The new business plans fundamentally review:-

- the purpose, priorities and the performance of the service group
- the costs of the services both in themselves and compared to other councils
- income levels and the potential for income growth
- the management and administrative structures and costs of the services
- the service model and whether an alternative model would be a better option for the future
- the future sizing and allocation of budgets based on the above

The business plans have to balance the achievement of Council priorities, for example those set out in the Improvement Plan, and the duties to meet statutory, contractual and other obligations, in addition to presenting options for saving money. The plans do take the Council into examination of whether some services are core business or even needed at all, whether we should do things differently, whether we are achieving value for money in providing quality at reasonable cost, and how customers should be expected to contribute through paying fees and charges.



Table 3 - Business Plan Efficiency Targets 2015/16 - 2017/18

Portfolio	2015/16 £m	2016/17 £m	2017/18 £m
Planning and Environment	0.941	0.422	0.255
Streetscene and Transportation	2.570	2.590	3.405
Social Care	2.068	0.788	1.984
Education and Youth	1.459	0.382	1.520
Community and Enterprise	1.565	1.209	0.787
People and Resources	0.385	0.385	0.730
Governance	0.248	0.315	0.725
Organisational Change	1.306	1.272	0.902
<b>Business Plan Efficiency Totals</b>	<b>10.541</b>	<b>7.363</b>	<b>10.308</b>

## Setting Budget Targets

All service portfolios have been set a 'working' target of achieving a 30% efficiency in their total budget allocation over the three year period to 2017/18 as a contribution to the Council's total funding 'gap'. There are two exceptions – Education and Social Care.

Referring back to Chapter 2 and the Council's track record in achieving some £46.5m efficiencies and savings in the seven years leading up to the introduction of the new style business plans, it needs to be recognised that some services have already achieved significant savings in past years. Where this has been the case, the scope for achieving further efficiencies for this next three year period will inevitably be less.

The 30% is set defined as a 'working' target as a guide to stimulate challenging thinking and review. For some services achieving a full 30% might not be possible, for others it may be possible to exceed the target. The setting of working targets for each portfolio does not prevent the Council from setting priorities across the portfolios according to its overall aims. In other words the Council may choose to lower or raise the target for a given portfolio according to how it wishes to prioritise certain important services above others. This is why the chief officers work as a collective

to advise councillors, as the decision-makers, under our corporate operating model.

Education and Social Care are expected to achieve efficiencies and savings too but not to the same extent. Both are highly regulated services, which are demand-led, and where much of the expenditure is essential to meet our statutory obligations.

Over 80% of the budgets for the Education and Youth portfolio are delegated to schools. Whilst schools are expected to contribute a 30% efficiency target is unrealistic. The amount to be invested in schools as a group through the Schools Funding Formula is explored in Chapter 4b. The core part of the 'local education authority' where specialist management and support services for schools are held back within the Council, and where other services such as the Youth Service sit, have also been set a 30% efficiency target.

The large majority of the Social Care budget is spent on providing or buying care and support services for vulnerable people based on the assessment of their needs. The costs of providing residential care for the elderly, and other vulnerable groups, accounts for over a third of its budget alone. The demands on social care are growing year on year, through an ageing and changing society with more complex

recognised needs, a trend which further limits the potential to make budget reductions.

Education and Social Care account for just under two thirds of the Council's net budget - so the limitations on being able to save money in these two big service areas in turn limits the capacity of the whole Council to make savings to bridge the projected budget 'gap'.

For 2015-16 the combined total of the efficiencies and savings from the business plans is £10.541m. This total is built into the annual budget. Whilst the Council has a good track record in achieving planned efficiency targets within the financial year for which they have been set, there will inevitably be a 'failure rate' as circumstances change or plans cannot be realised. In 2014/15 the Council was successful in achieving 87% of the efficiencies it had set out at the beginning of the financial year. Detail on the levels of confidence in achieving the pre-set efficiencies is reported monthly in our in-year budget monitoring reports. Where efficiencies are not achieved, as planned, other solutions must be found to balance up the annual budget by the close of the financial year.

The planned business plan efficiency and saving targets set for 2015/16, the outline proposals under consideration for 2016/17, and the long-list options for 2017/18 are summarised, by portfolio, in Table 3. These plans are far reaching and challenging.

The Council has long been a positive collaborator, working with other councils and partners in the region to work together to share costs and people in the provision of services such as social services, education, waste and corporate services. The Council has identified new opportunities to save more money by working with neighbouring councils which would protect our investment in front-line services. These opportunities can only be seized upon by joint agreement. With the debate on a possible reorganisation of local government running, there is uncertainty and anxiety amongst councils. This is contributing to limiting the regional ambition for more collaboration, and the Council is unable to progress some of its own ideas for extended collaboration.

## Managing the Business Plans and their impacts

The action required to first develop and test out budget options ready for recommendation, and then to follow through and implement them once agreed, is complex and time-consuming. To do this the Council has set up a number of 'programme boards' which bring together senior officers and Cabinet members.

Budget options are tested out for acceptability and operability. In other words are we prepared to take them and would the public be prepared to work with us? Are they feasible and capable of being implemented successfully? Each option is 'risk-assessed' against these two tests. We also separate out those options which are internal to the organisation and should have low or no impact on the public and the people who use the service, such as reductions in management positions and changes to operating systems, from those which would have an impact, such as changing the location of a service or its opening hours, closing a facility or introducing or changing a charge for a service. In these latter types of cases we have to work out what prior notice is needed, whether there should be a specific consultation before making a decision, and whether we need to run an impact assessment or a specific Equality Impact Assessment because one or more recognised groups in society may be affected disproportionately. In the case of some services there are specified statutory notice and consultation procedures which must be followed. The Council is also mindful that it will need to gauge the cumulative impacts of service changes within and across communities as change plans become more challenging and the status quo is no longer.

## Protecting Local Services

All of this work goes on in an effort to protect services from deep cuts and big closures. If the Council is exposed to budget cuts of a scale which it cannot manage through its existing plans and strategies, many services will no longer be able to be protected. These will include schools budgets, day care services, residential care homes, roads maintenance, local bus services, and leisure centres.



## 4b. Funding Strategy Part 2: Corporate Financial Stewardship

The Council takes a whole-organisation approach to setting its annual and long-term budgets and in deciding how to make budget changes to meet changing circumstances. Over and above how we set priorities which determine where we deploy our resources, and how we support service portfolios in changing what they do through their individual business plans as set out in Chapter 4a, there are some big questions of financial decision-making and stewardship which can only be dealt with at a corporate or whole-council level as they impact across the board. These questions include how far we give service portfolios additional funds to meet the costs of annual inflation, how we support centrally any additional employment costs which we are obliged to meet such as annual pay awards, and what we expect of services to recover their costs from service users in charging for what they do.

### Managing Inflation

In Part 1 of the MTFS we set out how inflation impacts on the Council and how we forecast what rates of inflation we could expect. Councils are exposed to three types of inflation: pay, price and non-standard price inflation. Despite a national trend of inflation being at its lowest level for some years, councils are still exposed to pay inflation of around 1% per annum and some price inflation, particularly non-standard inflation for food, energy and fuel whose price trends are unpredictable and volatile. We also face some unavoidable cost inflation increases, for example in benefit payments and the costs of purchasing care home places, which have their own annual cost-based increases which go unaffected by national inflation trends.



Our financial forecast makes assumptions about inflation rates and trends to allow prudent forward budget planning. In deciding how much to set aside in our budgets to cushion the organisation from inflation we make a risk assessment. In recent years we have set some corporate funding aside to meet inflation in part, and have expected services to absorb a proportion of inflation in their on-going budget management by being cost-efficient.

Due to national trends currently working in our favour we plan, based on our risk assessment, to allow £1m less than we would ordinarily have done in 2015/16 to meet inflationary uplifts in our costs. In this way we are absorbing £1m of our budget 'gap' into our budget planning as a form of operational risk.

### Reducing Corporate Overhead Costs

There are a number of corporate costs and income sources which sit at the heart of the organisation where provision has to be set aside to meet variations in budget provision from one year to the next. One example, covered in the above section

on inflation would be nationally agreed 'cost of living' annual pay awards for employees.

Based on recent patterns of the employer contributions needed to meet our obligations to the Clwyd Pension Fund, of which the Council is a member - set against the forecasted annual contributions required of Flintshire following the last three yearly Actuarial Review - we can prudently estimate to have to provide £0.9m less than the £1.747m contribution first expected for 2015/16 and into 2016/17. This reduction is largely due to the managed reductions in the Council's workforce on which the total amount due is calculated. The partial offset of this pressure is due to deliberate action by the Council to reduce the size of the workforce.

Following the completion of the Single Person Discount Review for those receiving a discount of Council Tax through living alone as an adult, there is an expected increase in income in the Council Tax Collection Fund of over £100k. This increase in income, to help reduce the budget 'gap', is due to deliberate action by the Council to maximise its Council Tax collection as a high performing collections authority.

## Schools Funding Formula

Education is the Council's biggest set of services at £83m, with the large majority of those funds being delegated to our 80+ secondary and primary schools.

This delegated funded is passed out to schools according to our Schools Funding Formula. This formula, which was reviewed and then updated from 2015, takes into account factors such as pupil numbers, specific pupil needs and school buildings size and condition in setting out how

much funding each individual school will receive each year.

The Council has given schools relative protection from funding cuts in recent years partly because this has been Welsh Government policy, and more so because remaining a high performing local education authority is a top priority of the Council.

The additional cost pressures coming through for the schools community for 2016/17 total £3.490m which would mean a 4% increase on 2015/16 funding. There are a number of options and choices for handling this challenge. Schools will have to make their contribution to the budget 'gap' and cannot be exempt, noting that any decision other than to fund the pressures in full will come with risks. The Council is planning to meet 1% of the pressures only for 2016/17, an option which would contribute around £2.5m to bridging the total funding 'gap'.

## Local Taxation

The Council has had a policy of containing annual rises in Council Tax in recent years. This has been based on the view that Council Tax levels should be as affordable as possible with the organisation finding efficiencies internally first before asking the public to pay more to help with the funding 'gap'.

Between 2008/09 and 2015/16 the average annual Council Tax rise has been 3.2% with the highest being 3.75% in 2015/16 and the lowest 2.9% in 2013/14. Other councils have had different policies.

Council Tax makes up only 22% of the Council's total income. As our Government grant funding reduces more pressure is placed on councils to find more local income including through taxation. Council Tax in Wales is generally lower than in England. Whilst councils in England have had a special Government subsidy to keep Council Taxes rises low, Welsh councils have not.

The Government grant councils in Wales receive is distributed according to the Local Government Formula as explained in Chapter 3. Within this formula a calculation or benchmark of what each council needs called the Standard Spending Assessment (SSA) is included. The SSA is based on factors including demography, population



Table 4 - Corporate Finance Efficiency Proposals 2015/16

Subject	Proposal	Efficiency/Growth £m
Inflation Management	Part absorption of inflation risk	1.0
Corporate Overheads	Selective reduction in provisions	1.0
Schools Funding Formula	Controlled schools investment	2.5
Local Taxation	Enhanced Council Tax increases	0-1.8
Local Income	increases in charging	0.5
<b>Totals</b>		<b>5-6.8</b>

change and deprivation. Whilst being a theoretical calculation the SSA is significant in determining how much of the share of public funds set aside for local government in Wales comes to Flintshire.

The SSA for Flintshire for 2015/16 was set at £251.806m. The Council's planned net Council Fund expenditure for this year is £249.979m, leaving a gap of £1.827m. The only way the Council can bridge that gap to reach its notional spending level, given that no additional Government grant will be made available, would be to increase Council Tax. Collecting additional Council Tax of £1.827M would mean an additional Council Tax rise of around 3.5%. The Council has already assumed a Council Tax rise of 3% in its budget planning for 2016/17 based on its annual average rise in recent years. The Council would have the option of reaching the current SSA over a two year period by setting Council Tax rises of 4.75% or, given the extreme financial situation, applying a single year increase of 6.5%. The Welsh Government has a guiding policy of councils staying within 5% annual Council Tax rises although this has not been tested.

## Local Income

Flintshire as a County Council has limited scope for raising income as a non-metropolitan council with a modest portfolio of land and assets generating commercial income.

The Council makes charges for some services within the bounds of legality and Government

policy, and within the limits of affordability and acceptability to customers and communities.

The service portfolio business plans, set out in Chapter 5, already include compound income sources built up from previous years and, in some cases, new income generation initiatives for example in planning fees. As part of a more challenging corporate strategy for cost recovery through fees and charges the Council will be seeking to raise a further £0.5m of income in 2016/17 onwards by reviewing current fee levels.

The total reduction in corporate costs which could be achieved for 2016/17 based on the above proposals is at a minimum of £5m as summarised in Table 4.

## 4c. Funding Strategy Part 3:

### Working with Welsh Government

**Councils are heavily reliant on Government for grant to fund what they do. For Flintshire some 65% of our annual funding comes through the Revenue Support Grant awarded annually by Welsh Government. Whilst councils are independent statutory public bodies with their own elected councillors, free mind, and right to choose their priorities based on local need and local opinion, they are also a form of ‘agent’ of government in implementing its social policy and legislation as directed. Local government and national governments are part of the same system of national governance of the public services. Governments must therefore share in the responsibility to fund the ‘agents of delivery’ of their social, economic and environmental policies and legislative reforms properly and fairly. In Chapters 4a and 4b we have set out the Council’s contribution to managing with less in a tough fiscal environment. In this Chapter we set out our expectations of Welsh Government as the custodian of public finances in a devolved Wales.**

In this Chapter we explore five areas where there is a legitimate case for Welsh Government to come to the support of the Council to fund cost pressures which have either been passed on to the Council through national decisions or meet its own critical social policy priorities.

Under each of the areas we set out the principle which underpins the case, the detail of the case, and the risks to the Council and local services if Welsh Government did not meet our case and provide support and relief.

#### Extension of the Welfare State

The principle here is that councils should not be subsidising the welfare state through local resources. Instead, the State should be fully funding its own universal benefits policies. The Council currently pays out benefits to local Council Tax payers who have an exemption from paying Council Tax in full. This is done under the Council Tax Reduction Scheme (CTRS).

The problem is the funding the Council receives from Welsh Government to make these payments is ‘frozen’, and we are not recompensed for the

annual uplift in demand-led benefits costs we have to meet. By 2016/17 the Council will have to make up a gap of £625k in the CTRS scheme as a consequence. The risks are that the scheme becomes unsustainable; Council Tax has to be raised to cross-subsidise benefits to recipients; the Council may have to withdraw from the national Welsh scheme.

#### Public Sector Employment

The principle at stake here is that public sector should employ people with fair reward and rights. Local government as a large employer, with many low earning workers, should be properly funded to meet wage and pension costs and be given parity of esteem with the NHS, civil service and others in national funding for workforce costs. Welsh Government is committed to supporting uplifts in annual base pay for public sector workers (with enhanced uplifts in lower pay scales) to give proper reward and to avoid workers being in a position of pay poverty. This commitment should be recognised in national budgeting priorities, or it cannot be afforded. It is not a sustainable position to expect councils to meet annual inflationary workforce costs at a time of reducing resources.

Diverting existing funds away from maintaining 'front-line' services to meet employment costs will be difficult to justify to the public. Local government should be given parity with the NHS and the civil service where provision is made for funding workforce costs and, in addition, achievement of the Living Wage at the lower end of pay scales.

In 2016/17 the Council will have to absorb wage inflation of £1.690m from the nationally negotiated cost of living pay award. The risks are Councils will have to increasingly review terms and conditions of employment on the one hand to pay for annual cost of living pay awards on the other which is a contradictory position for employers and trade unions; relatively low pay in the local government sector will be perpetuated; councils will have to face difficult choices between maintaining pay and terms of conditions of employment, and public service provision; councils may opt out of national negotiating machinery; impacts on employer-trade unions relationships and workforce morale; possible industrial action, whether local or national.

## Health and Social Care as a Single System Needing Full Funding

Insufficient investment is made in the primary and community care sectors where quality of life and preventing dependency on secondary and acute care is achieved. Social care is part of a connected system of care and should have parity of esteem with investment choices in the use of the national budget. There is ample research and operational evidence that the social care sector is facing a funding crisis. At a time when the UK and Welsh Governments are increasing investment in the National Health Service (NHS) equal priority should be given to the social care sector.

Two specific examples of chronic funding pressures on the Council where national relief is sought follow.

### Demand-led pressures on specialist social care services:

transition from childhood to adulthood for high dependency clients. The costs of high-cost placements for small cohorts of clients, in this

case 14, can have a disproportionate effect on the total social care budget. We are facing a budget pressure of £923k just for these cases, a figure equal to 1/60th of the total social care budget. Special provision should be made in recognition of the need to protect specialist services for the most vulnerable. Parity should be given to the primary care needs of clients falling under the responsibility of social services alongside those falling under the responsibility of health boards in national funding. The risks of not acting are the diversion of resources away from other social care services to meet the cost of such high dependency cases and their entitlement; aggregated funding impacts will make the current social care system, with growing demand, unsustainable.

### Inflationary pressures on care placements and high cost specialist placements:

given rising demand for services and reducing budgets the pressure on service supply will be intense. Raised care standards and entitlements are two of the factors which cause market inflation as investment needs to be made here to meet social policy aspiration. We face a budget pressure of keeping up with market costs of £948k. Parity should again be given to the primary care needs of clients falling under the responsibility of social services alongside those falling under the responsibility of health boards in national funding. The risks here are that faced with increasing demand the supply of service becomes an unsustainable model; the adequacy of care might be compromised with a lower volume/quality of care being provided; councils may be at risk of commissioning sub-standard care; cost pressures will compress the terms and conditions of employment of the sector.

### Educational Entitlement and Attainment

We believe that if school age education is to continue to be treated as a national social policy priority it should have parity of esteem with investment choices in the use of the national budget. The Council faces a bill for additional costs for Teacher Pensions of £1.364m, due to national reforms in employer pensions over which it has had no say.

The national agreement to increase the employer contributions to pension funds for the teaching workforce could fall on either the local council, as the local education authority, the local governing bodies of the employing schools, or a combination depending on local choice. 'Pass-porting' of the cost to local school governing bodies would place a new strain on schools delegated budgets and would be likely to reduce the ability of schools to employ their current cohort of teachers which, in turn, would affect teacher-pupil ratios and ultimately school standards and pupil attainment.

The Teachers' Pension Scheme is unfunded unlike the core local government pension scheme. Parity should be given to the treatment of the Teachers' Pension Scheme alongside the other unfunded schemes such as the NHS and civil service i.e. the responsibility for making good pension fund deficit positions should be borne by Government and not intermediate employers such as councils. Schools may be placed in an untenable financial position with new cost burdens of employment.

The big risk is that the council will have to reduce investment in services including education to meet additional costs of employment in the teaching sector.

### **Financial Freedom to Recover Costs to Make Services Sustainable**

An important principle of local democracy is that councils should have the freedom to set local policy to recover costs through charging to help make services - within bounds of reasonableness on the affordability of charges with added protection for those most vulnerable to poverty.

There are several service areas where the Council is constrained in recovering costs from clients, who can afford to pay, by Welsh Government policy.

**Domiciliary Home Care:** recharging for Home Care provision used to be discretionary until the introduction of the First Steps policy in 2010 and has not been reviewed since, with charging limited to £60 per week from 2015. Income recovery falls well below the costs of

provision and the Council is losing out on income of £0.945m which could help sustain social services under huge pressure.

The charging cap makes no recognition of ability and willingness to pay. The previous charging system with higher charges linked to cost of provision was generally accepted and was a workable one. There are increasing demands from those able to pay who have switched from private provision to public provision to benefit from the heavy subsidy. Given an ageing population with increasing demands this model of service is unsustainable. As part of a fair and equitable local charging policy there is no justification for continuing with this policy.

The risks of perpetuating this system are faced with increasing demand the supply of service becomes an unsustainable model; an income generating opportunity is lost; the adequacy of care might be compromised with a lower volume/quality of care being provided e.g. short visits with limited social contact for the client; councils may be at risk of commissioning sub-standard care; cost pressures will compress the terms and conditions of employment of the sector e.g. travel time reimbursement, salary levels; the non-justification for a heavily subsidised service for those available to pay becomes ethically challenged by others under the Council's income strategy.

**Minor Home Adaptations:** Charging for adaptations less than £3k in value which fall outside of the mean-tested charging system would allow partial cost recovery to subsidise the service. As part of a fair and equitable local charging policy there is no justification for charging exemptions for this service. The Council could recover income of £100k per year to subsidise the service if it could charge. The risks in the future are that the service is not adequately funded to meet demand; funds have to be diverted away from other services to subsidise adaptations; the non-justification for a free service for those available to pay becomes ethically challenged by others under the Council's income strategy.

**Blue Badge Scheme:** A modest charge for Blue Badge issue is justifiable and would be comparable to England (£10 per issue)

and Scotland (£20 per issue). As part of a fair and equitable local charging policy there is no justification for charging exemptions for this service. The Council could raise income of £33.5k to subsidise services.

Support and relief from Welsh Government in these policy areas would make a major positive

impact on the Council's budget planning as set out in Table 5 below. The costs shown for Employer, Social Care Funding and Education are examples of the pressures for which support is needed. This is not an exhaustive list and other cost pressures could be included.

Table 5 - Funding Pressures for National Support and Relief

<b>Subject</b>	<b>Proposal</b>	<b>Funding £m</b>
Welfare State	Full cost funding of the Council Tax Benefits Scheme	0.625
Employer	Funding of nationally agreed pay awards	1.690
Social Care Funding	Funding Health and Social Care as a single system with parity	1.871
Education	Funding nationally agreed employment costs for schools to protect spending delegated to schools	1.364
Freedom to Charge	Removing the charging caps for a number of services such as domiciliary care and returning to a system of fuller cost recovery from clients (with protection for those least able to pay)	1.078
<b>Totals</b>		<b>6.628</b>

## 5. Conclusions and Way Forward

Flintshire is in unchartered territory in having to manage budget cuts of this scale. So is Welsh Government. If councils are to see a way through these challenging times - with local services on which communities depend staying in tact - then close working is needed between councils and government for common purpose.

Flintshire is shown to be a low funded council. It is also shown to be a solid performer in the standards to which it provides local services, with excellence in key services such as education and social care.

Flintshire is being recognised nationally as a council which is being innovative in finding new solutions to make its services both cost efficient and resilient, and sustainable for the future.

A fundamental point is that the scale and the pace of the escalating annual budget cuts does not allow time for innovation. Our local programme for working with communities to transfer community assets to community ownership, and our local programme to create Alternative Delivery Models (ADMs) for selected services, whilst being well advanced, both need time and space to come to fruition. So do our business plans for the ongoing modernisation of services. If our plans are not given time, and are rushed into change, then key services will be put at serious risk.

Like all counties Flintshire is shaped by its history and its make-up of communities. We have set out the challenges of managing Flintshire as a dispersed county which has a number of proud and independent principal county towns. The Council tries to support and protect each county town by ensuring that their communities have local services and amenities which can be readily accessed. We will no longer be able to maintain our networks of local services without some relief from the relentless budget cuts.

The list of services which will be exposed to major cuts if our strategy does not enjoy universal support is a long one:-

- a significant reduction in the budgets given to local schools
- withdrawal of social services such as day care
- closure or sale of residential care homes
- closure of the welfare rights service
- cuts in support for the local voluntary sector
- a major cut in maintenance expenditure for roads
- cuts in winter maintenance road gritting service to the bare minimum
- closure of leisure centres
- closure of community buildings
- cuts in countryside and coastal management services
- less frequent household waste collection services
- closure of local household recycling centres
- withdrawal of all bus subsidies which support the less commercial local bus routes
- withdrawal of our grant to Theatr Clwyd
- reduced transport provision for learners to and from schools and colleges
- closure of the business support service and no future support for tourism
- closure of the ecology and biodiversity functions
- reduced maintenance standards for our rights of way network
- reduced support for the Clwydian Range Area of Outstanding Natural Beauty
- withdrawal of our financial support for Greenfield Valley

Councils in Wales are heavily dependent on government grant to fund what they do. More so in Wales than in England. This is why, within our three part strategy, we call for greater freedoms for the Council to be able to be entrepreneurial. If Wales is to be exposed to 'English style cuts' then councils in Wales need to be given English style powers and freedoms to be able to adapt.



The Council is playing its part and has identified around two thirds of the funding target needed for 2016/17. As a mature and responsible Council we will work with Welsh Government to find joint solutions. Local government needs to be given support with social care and health being jointly funded as a top priority.

This Strategy inevitably concentrates on 2016/17 as the next budget year we need to plan for. Equally, we have an eye on 2017/18 and subsequent budget years in planning ahead in a responsible and sustainable way.

Flintshire is at a 'tipping point'. A reorganisation of local government, still some years off, is not in itself a solution to the financial challenge. Neither is more talk of making efficiencies in 'back office' costs. The decisions to be made by the Council, by the UK Government and by Welsh Government in the coming months will define the future for local public services.

We call on local communities to stand up for their local services by working with us whether this is:-

- in being understanding and being patient with the changes we plan to make
- coming forward and working with us on transferring services to community models or
- in speaking up so that those who have decision-making power in their hands hear their voice.

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# Medium Term Financial Strategy

Part 1 - September 2015  
Forecasting the Challenge



2015 - 2018

# Introduction

This Medium Term Financial Strategy (MTFS) is comprised of two parts. The first part the Medium Term Financial Strategy (MTFS) forecasts the resources the Council is likely to have over the next three years. In Part 2 of the MTFS *Meeting the Financial Challenge* the Council sets out plans and solutions for managing with reducing resources over this three year period.

Our resources are being reduced, year on year, through big reductions in the grants we depend on from Government. We then also have to meet cost pressures, such as inflation, with less money at our disposal. Inflation, rises in demand for critical services, such as social care, and the cost of legal obligations placed on us, such as pensions reform, all place a strain on our reducing budget.

A summary of the forecasting position for 2015/16 - 2017/18 is set out below.

Table 1 - Summary of forecasting position 2015 - 2018

<b>Expenditure</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>Total £m</b>
National Pressures	0.9	0.4	0.3	1.6
Local Pressures	6.2	2.5	1.2	9.9
Inflation	4.1	4.1	4.3	12.5
Workforce Pressures	2.5	9.4	3.7	15.6
<hr/>				
<b>Income</b>				
Reduction in Revenue Support Grant (3.5%)	6.6	6.5	6.3	19.4
Council Tax Increase (3%)	(2.0)	(2.1)	(2.1)	(6.2)
<b>Projected Gap</b>	<b>18.3</b>	<b>20.8</b>	<b>13.7</b>	<b>52.8</b>

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# 1. National Pressures

These are financial pressures which are driven nationally and are beyond the control of the Council. They may come about from policy directions or new legislation from either UK Government or Welsh Government, where powers are increasingly devolved. These pressures are expected to be met by councils without extra funds being set aside by Government.

## Council Tax Reduction Scheme

The Council Tax Reduction Scheme (CTRS) was introduced in 2013/14 by Welsh Government to provide financial assistance to help some residents pay their Council Tax. CTRS replaced the previous Council Tax benefit system. Welsh Government funding for the scheme does not increase year on year and therefore the annual increase in Council Tax 'benefits' payments we pay out is a pressure on the Council's budget. Over the medium term, this will cost the Council an estimated £0.952m.

## Discretionary Housing Payments

Changes to the Government's Welfare Reform Programme have had a financial impact on some households. Discretionary Housing Payments (DHP) offer temporary support to people in difficulty. Over the last three years the Council has 'topped up' the DHP funds provided by Welsh Government to help the most vulnerable. In 2014/15 this cost the Council £0.053m. In 2015/16 there will be a reduction of £0.067m in the amount of funding the Council receives for DHP. The Council will be under pressure to make up any difference.



## Impacts of Legislation and Case Law

New legislation such as the Social Services Bill, and Deprivation of Liberty Safeguards Case Law (DoLS), can affect the way services are to be provided and people's rights. Councils have to manage the financial impact of changes in the law as part of their budget often without any additional support from Government. Within the 2015/16 budget a pressure of £0.290m has had to be met for DoLS.

## Independent Living Fund

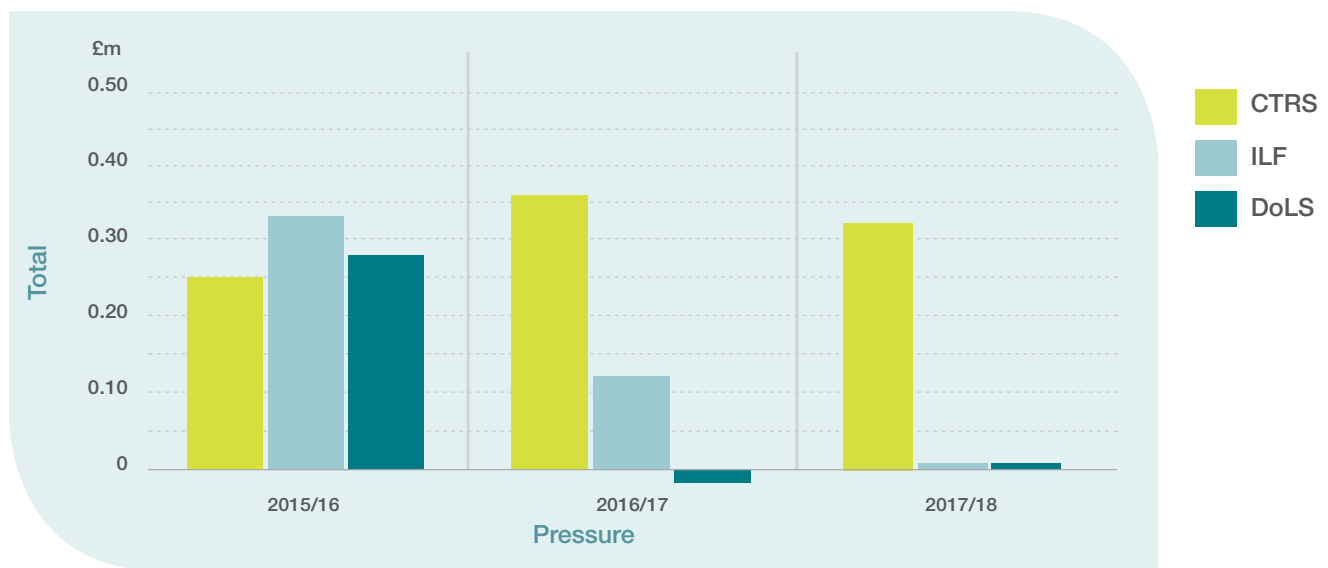
The Independent Living Fund (ILF) provides financial support to disabled people with significant care needs to help them live independently at home or in the community. The UK Government announced that the fund will close from June 2015 with the responsibility for financial support to be transferred to local authorities. The cost pressure for Flintshire County Council is estimated to be £0.338m in 2015/16 with an additional pressure of £0.112m in 2016/17. Welsh Government have recently said that there may be some financial support to help Councils with the transition. At this stage we do not know what help we will receive, if any.

## Reductions in Specific Grants

The Council relies on numerous specific grants which the Welsh Government allocate to directly fund services such as Education and Waste Management.

In recent financial years there have been some big reductions in these grants. The Council sometimes has to make up the difference for services to continue.

Table 2 - Specific Non Workforce National Pressures



Late notification of specific grant allocations by Welsh Government make financial planning challenging.

The risks to services from reductions in specific grants include:

- **Sustainable Waste Management Grant** - previous reductions in this grant had created a cumulative cost pressure of £0.308m by 2014/15. A further reduction in the grant for 2015/16 has been confirmed at £0.100m giving a total reduction to date of £0.408m.
- **Supporting People Grant** - there has been a sustained reduction in this grant since 2009/10 of £1.6m.
- **Education Improvement Grant** - Big changes to the education grant system from April 2015 have resulted in 11 grants being amalgamated into a single grant called Education Improvement Grant. The effect of these changes in 2015/16 is a reduction of 9.85% or £0.509m. From 2016/17 Welsh Government are planning to introduce a funding formula for this grant. The impacts of this next phase of change are unknown.
- **Post 16 Education Grant** - This grant was reduced in 2015/16 by 2.5% or £0.149m. Intelligence from Welsh Government suggests a further 5% cut in 2016/17.

The total impact of just the grant reductions shown above comes to £2.7m. Future grant reductions are unconfirmed at this stage and subject to change.

### Workforce Costs

There are significant new workforce costs from national changes to Local Government and Teacher Pensions Schemes. These are covered in Section 4 - Workforce.

The total impact of known national pressures is £1.6m

# 2. Local Pressures

Local pressures come about from demands for services and other local circumstances. They are not funded by Government grant with the cost falling on the Council.

## Current Local Pressures

### Social Services:

#### Transition to Adulthood

Each year a number of clients are expected to have ongoing social care needs as they transfer from children's services and become adults. The cost of care packages for each client is based on a careful assessment of their future care needs. In 2015/16 and 2016/17 the number of young clients transferring to Adult Social Care will be 16 and 14 respectively. This has led to a budget pressure of £1.239m in 2015/16, £0.923m in 2016/17 and £0.640m in 2017/18. We have a duty to meet their needs.

#### Extra Care

There will be annual revenue costs from the running of the new Extra Care Scheme in Flint which will become operational in 2017.

#### School Modernisation

This pressure is an estimate of the service 'exit' costs of teaching and other employees leaving our service as we change school provision and open the new Post 16 hub at Coleg Cambria, Deeside.

#### Landfill Tax

An increase in the rate per tonne we pay to take waste to landfill is an additional pressure. There is a statutory requirement to dispose of our waste. The Council is diverting as much waste as possible from landfill through increasing recycling and other forms of disposal.

#### Making Workforce Efficiencies

As part of the budget for 2015/16, a pressure was included to cover our changing savings targets for reducing the workforce set as part of the 2014/15 budget. Future workforce efficiencies are now being built into our business planning process. There are also cost pressures through releasing employees through redundancy and early retirement.

#### Prudential Borrowing

The Council has built up borrowing over the years to fund capital schemes. A review of our Central Loans and Investment Account will reprofile our borrowing. This ongoing review may create efficiencies or pressures. The Council is planning to increase its borrowing to pay for new capital schemes such as improving school buildings.

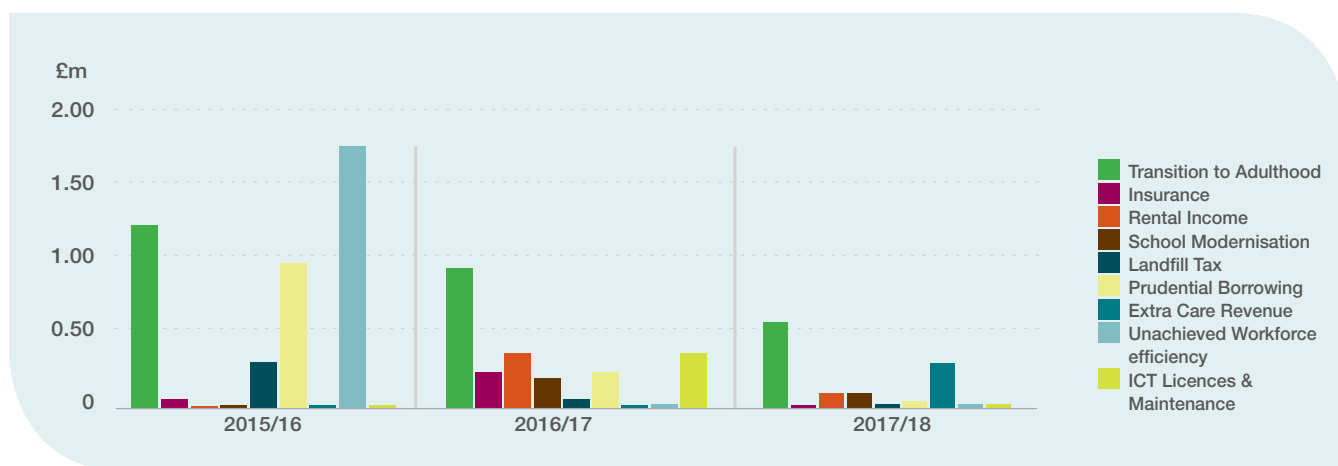
#### Internal Insurance Fund

The Council provides insurance cover for the risks it faces through a combination of purchased external insurance and self-insurance through our internal insurance fund. The adequacy of the internal fund has been assessed by our insurance brokers. There is a need to increase the funds to meet our risks.





Table 3 - Specific Non Workforce Local Pressures



September 2015

### Information Technology

There is a new recurring pressure from our Microsoft Enterprise Licence agreement at an annual cost of £0.350m per annum from 2016/17. A further emerging pressure for software maintenance is for the iTrent (Human Resources) system from 2016/17.

### Workforce Costs

There are significant new workforce costs from the introduction of the Local Single Status Agreement and the actuarial review of the Clwyd Pension Fund. These are covered in Section 4 - Workforce.

### Emerging Local Pressures

#### Municipal Mutual Insurance

Municipal Mutual Insurance (MMI) was the main insurer of the public sector prior to it closing its insurance business in 1992. A scheme is in place for any liabilities still outstanding from historic insurance with MMI. Any increase in claims arising from that period could impact on the levy to be paid by the Council.

### Contaminated Land Strategy

The Council has a responsibility to ensure there is no public risk from former landfill sites. There is a need for the Council to assess if there is any need for remedial work on these sites.

### Waste Management

The Council is exposed to risks including fluctuations in recycling income from sales of waste recyclates in the open market.

### Economy

The Council is exposed to the risk of decreases in the income it relies on from fees and charges in services such as leisure and planning. These fluctuations can depend on the health of the economy.

The total impact of major local pressures is £9.9m

# 3. Inflation

Inflation is the rate at which the prices for goods and services are expected to rise. The inflation costs a council has to meet are not the same as those that households face. Even at times of low Retail Price Index (RPI) inflation councils can have big inflationary pressures. Flintshire County Council builds inflation into its annual budgets based on the latest market intelligence. Overall, income budgets include a 3% increase to meet inflation. This is based on recent trends in inflation. Within the annual funding 'settlement' the Council receives from Welsh Government no provision is made for inflation. This means that the Council has to find a way of meeting the costs of annual inflation from within its reducing resources.

## Types of Inflation

### Pay

Provision for nationally agreed pay awards is based on the latest information from our national negotiating bodies. Over the last three years pay inflation has been assumed at 1%, and included in the budget at this level until confirmation of each annual agreements has been received.

### Prices

The current forecast for price inflation includes a 2% increase over all expenditure budgets, apart from what we call Non Standard Inflation. Budgets which are not exposed to normal price inflation, such as Benefits, are excluded.

Over the last three years, service managers have had to absorb price inflation within their budgets, without any increase. Extra provision has only been made where there is an exceptional case. In 2015/16 this extra provision totalled £0.421m for exceptions such as increases in care fees where we commission residential care home places.

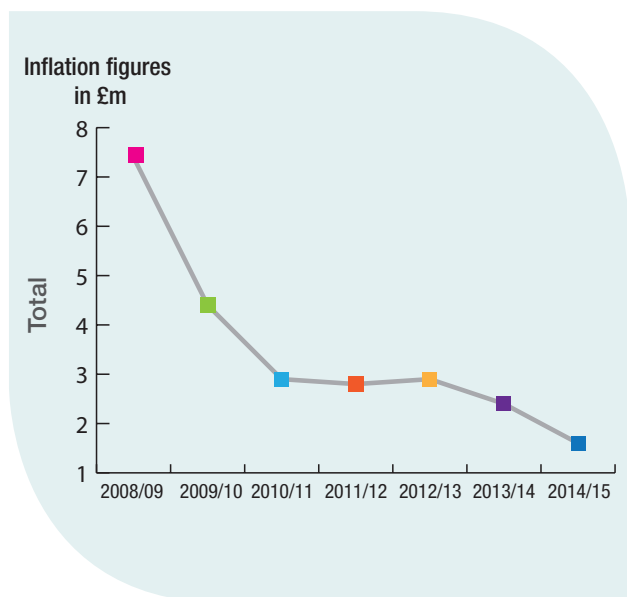
### Non Standard Inflation

Non Standard Inflation provision is set aside to support services which are exposed to higher than normal annual inflationary pressures in buying fuel, energy and food supplies.

In recent years these rates of inflation have been volatile, for example, in the energy sector due to rising oil prices. More provision for inflation has been made in these areas in the last two financial

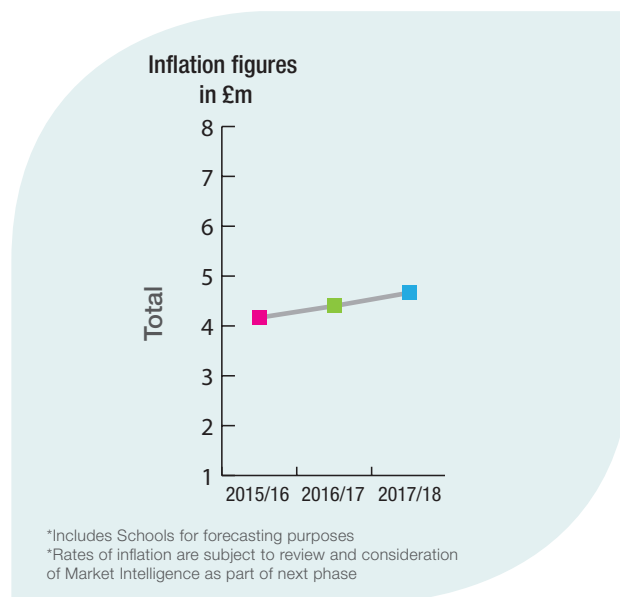


Table 4 - Historical Budgeted Inflation



*Trend of inflation built into annual budgets.*

Table 5 - Forecast within MTFS



*Rates of inflation change over time and are under constant review by the Council.*

years, (energy at 8%, fuel at 11.2% and food at 5.8%).

As part of the 2015/16 budget strategy the need to set aside any provision for Non Standard Inflation was reviewed. Specific market intelligence on energy (from Crown Commercial Services, UES Energy) shows that overall prices for gas and electricity were predicted to stay stable in 2015/16.

Market intelligence within the food markets (from Tuco Ltd, Procurement Partner) shows that some food groups may be subject to an increase of between 0.5% and 3%. Inflation on food was considered to be the area of greatest risk in 2015/16. Therefore an allocation of £0.064m was held within the budget.

The inflation risks and costs of energy, fuel and food are subject to many economic and other factors beyond our control. Market intelligence

will be used with quarterly updates to help make this as accurate a forecast as possible.

### Inflation on Income

In recent years income budgets have included a 3% increase to reflect the need to raise prices in line with costs. See Section 5 - Income.

**The total amount of inflation forecast is £12.5m**

# 4. Workforce

By far the biggest cost of managing a Council of our size is the cost of employing our workforce. Flintshire both employs people to provide services direct to communities and to customers, and commissions or contracts out other services. Where we commission or contract the Council is not the employer. We also employ people to provide essential internal support services such as Finance and Human Resources.

The costs of employing our workforce are rising due to a combination of national and local pressures including annual pay rises, pensions reform, and the Single Status Agreement.

Flintshire employs around 7,140 people in 8,206 roles. The total annual ‘wage bill’ in 2014/15 was in the region of £178m. The ‘wage bill’ is made up of salaries, employer pension contributions, employer national insurance contributions, and allowances and expenses.

The costs of employing people are rising. The costs pressures can be grouped as:-

- ‘cost of living’ pay rises
- low pay protection costs
- local pay settlements
- pensions

## ‘Costs of Living’ Pay Rises

Workers expect to receive an annual pay rise for their earnings to keep pace with inflation. These are commonly known as ‘cost of living’ pay awards and are negotiated nationally between representatives of the local government employers and the trade unions.



Following a period of imposed pay ‘freezes’, annual pay awards are again being granted by agreement. Annual pay awards are running at between 1-2% for most local government workers.

The cumulative impact of national pay awards for 2015/16-2017/18 is shown in Table 6.

Table 6 - Pay Awards Impact

2015/16 £m	2016/17 £m	2017/18 £m	Total £m
1.804	1.690	1.707	5.201

## Low Pay Protection Costs

Workers are protected from being low paid through the setting of a national minimum wage. The lowest levels of pay in local government are above the national minimum wage. The minimum wage is £6.50 per hour rising to £6.70 per hour on 1 October 2015. Flintshire’s lowest hourly pay rate is currently £7.189 per hour. Whilst there are no immediate pay pressures here for the Council as it meets its legal obligations, this might change over time.

There is pressure from Trade Unions, some political parties and lobby groups for employers to adopt the Living Wage. The Living Wage is argued to be a more realistic amount for people to live on and is set at a higher rate than the Minimum Wage at £6.50 per hour. Whilst Flintshire has gone some way to preventing low pay and has implemented a pay structure where the lowest pay grade ‘tops out’ near to the Living Wage, we have not as an employer set it as a minimum. If we were to do so this would present a new cost pressure. Just under 1,300 employees (including relief workers) are currently paid beneath the Living Wage.

## Local Pay Settlements

Local authorities have obligations to ensure that they pay all employees fairly with equality of treatment for women and men. These obligations come from important national agreements and the equal pay legislation. Reviewing local pay arrangements to ensure that there is equality of treatment is a complex and time-consuming exercise. Like many other local authorities Flintshire has now reached a Single Status Agreement to achieve this. Under our Agreement we have introduced a new pay and grading model. Single Status Agreements have in every single case around the country added cost to the ‘wage bill’. Whilst some employees will gain on pay, some will stay the same, and some will lose on pay, a significant majority will have to gain or stay the same to successfully achieve agreement through negotiations between employer and trade unions and then through a workforce ballot. Therefore, there will be a total increase in pay costs across the board under these types of Agreements.

Some years ago the Welsh Government made extra provision in the base financial settlement for local government to support the costs of introducing Single Status Agreements in the knowledge that they would inflate workforce costs. Whilst providing this support was a visionary step towards ending unequal pay between women and men, the provision set aside was not enough to meet the inflationary impact in full. Councils have to make up the shortfall themselves.

Flintshire’s Single Status Agreement was introduced in 2014. The inflationary impacts for the first two years have been ‘buffered’ or cancelled out through the use of financial reserves. The Agreement will impact on the budget from June 2016. The annual cost of the wage bill will rise for several years as some employees who have entered a new pay grade work their way up through the annual pay increments until they reach the top of their grade. At this point the wage bill will ‘peak’.

The impacts of the Single Status Agreement are shown in table 7 below. The impacts shown are net of the annual

Table 7 - Single Status Impact

2015/16	2016/17	2017/18	Total
£m	£m	£m	£m
0.000	3.774	1.726	5.500



provision with the national financial settlement of £4.3m. The forecasted impacts reported to Council in October 2013, when adopting the Single Status Agreement, were greater; they have been significantly reduced through the ongoing programme of reducing the scale of the workforce through voluntary redundancies and retirements.

## Local Government Pension Scheme

Local government employees (other than teachers, police and firefighters) are entitled to be members of the local government pension scheme. The pension scheme is a funded one where both employers and employees contribute to the costs of building their ‘pension pot’ for their eventual retirement. The monies are invested into the Clwyd Pension Fund for capital gain and income to pay pension liabilities both now and into the future.

Public service pension schemes are being reformed to help financial sustainability. For the local government pension scheme the new CARE (Career Average) scheme replaced the final salary scheme from 1st April 2014. At a national level the Government have reviewed how the pension provision is shared more fairly between employees and scheme employers, if costs continue to increase. This may result in a change to employee contributions or scheme benefits in the future.

The employer contribution for the Council is set by the Fund Actuary every three years. The last actuarial valuation date was 31 March 2013 which provided both future service cost contributions and deficit payments for 2014/15, 2015/16 and 2016/17. The future Flintshire rate

is a percentage of pensionable pay and will vary. At the last actuarial valuation the employer contribution rate was set as 12.2% (2014/15), 13.2% (2015/16) and 13.9% (2016/17),

At the last Actuarial Valuation the Council had a pension deficit of £197m. The Council has a deficit recovery plan of 19 years and the agreed payments are £9.185m (2014/15), £9.490m (2015/16) and £9.985m (2016/17).

The pension contributions to be made to the Clwyd Pension Fund by Flintshire as an employer were in the region of £10.2m.

For the third and final year of this MTFs it is more difficult to estimate pension costs. Despite strong asset returns on investments of +16% in 2014/15, the funding level of the Fund has fallen by 5%. The Council's deficit has therefore increased. This is due to lower than estimated long term interest rates. The Actuary of the Clwyd Pension Fund will undertake a funding review this year which may assist all employers in the Fund with their future financial plans, ahead of the next Actuarial Valuation.

**Pensions Performance:** the most recent actuarial review in 2013/14 reset employer contributions for the period 2014/15 - 2016/17. The inflationary impacts are shown in table 8 below.

**Pensions Reform:** a number of recent pensions reforms are causing inflationary pressure. Under a change called the Single Pension Scheme local government pension schemes will no longer qualify

for a rebate for national insurance contributions made towards the additional State Pension known as the Second Pension. This change will increase National Insurance employer contributions by 3.4% from April 2016. The inflationary impacts are shown in table 8 below. Employee national insurance contributions will also increase.

Under a change called Automatic Enrolment, access to pension provision in a qualifying pension scheme had to be made available to all new employees from 1 October 2012. For all existing employees who had previously deferred entry or opted out of the Clwyd Pension Fund, a transitional period to October 2017 applies. At this time, any remaining employees would be automatically enrolled into the Clwyd Pension Fund. This will be at a cost to the Council. It is not expected that all employees with deferred Fund entry will choose to stay in the Pension Fund at 2017, but a proportion will. The predicted inflationary impacts are also shown in table 8 below.

#### Teachers' Pension Scheme

The Teachers' Pension Scheme is a central government controlled Public Service Pension Scheme that, unlike the LGPS, is unfunded. The contributions are set by Central Government. Under pensions reform the employer contributions for teachers' pensions are to be increased from 2016. The inflationary impacts are also shown in table 8 below.

Table 8 - Cost of Pensions to the Council as the Employer

Pressure	2015/16 £m	2016/17 £m	2017/18 £m	Total £m
Actuarial Review	1.747	1.504	1.300	4.551
Single Pension Scheme	0	2.787	0	2.787
Auto Enrolment	0	0	0.625	0.625
Teachers' Pension Increase	0	1.364	0	1.364
<b>Total</b>	<b>1.747</b>	<b>5.655</b>	<b>1.925</b>	<b>9.327</b>

The total amount of workforce pressures is £15.6m (excluding inflation)

# 5. Income

The Council is funded from two main sources - the Revenue Support Grant and Council Tax. The Revenue Support Grant (RSG) awarded by Welsh Government makes up 65% of the total income of the Council with Council Tax contributing 22%. The remainder is made up from specific government grants and income from fees and charges. RSG is reducing year on year. UK Government fiscal plans show a continuation of reductions in the medium term. Setting Council Tax is a continual challenge in the current financial situation. Other income generating opportunities can be constrained by Welsh Government controls and economic factors. It can be difficult to balance increased charges to recover costs, with affordability and collectability from clients and customers.

## Revenue Support Grant (RSG)

The Council received a reduction in its RSG of 3.4% in 2015/16 equal to £6.6m. Welsh Government has not given any firm indication of the level of RSG funding for future years. Continuing reductions are expected and we are assuming reductions in RSG of 3.5% per year for the next two years in this strategy.

Over the medium term of this forecast this could mean a total £19.4m reduction in RSG funding.

Section 1 - National Pressures highlights the significant reductions in specific grants which are added to the reduction in RSG in arriving at a complete forecast for this three year period.

## Council Tax and Business Rates

The Council collects the Council Tax from local residents and the 'Business Rates' from local businesses.

The level of Council Tax is set annually and is paid by local residents to help finance the Council's overall budget (£60m in 2015/16).

The Council collects the local 'business rates' on behalf of Welsh Government. This is then paid into a national pool and redistributed to councils as part of the annual financial settlement. The Council expects to collect in the region of £63m in 2015/16. Of the collected amount the Council only retains £51m with the rest going into the national funding system.

As part of the budget for 2015/16 the Council agreed to set the increase on Council Tax at 3.75%. This is at a higher level than the 3% set in previous budget years. This extra rise was needed due to the challenging financial position faced by the Council as set out in this strategy.

The level of Council Tax for future years will be a democratic decision of the Council. For the purposes of this plan an annual increase of 3% has been built in for 2016/17 and for 2017/18. This would provide an additional £2.1m of income per year. In setting the Council Tax the Council has to balance the financial needs of the organisation to maintain its services with the affordability of Council Tax for local residents.



## Fees and Charges

In 2014/15 the Council generated £25m from fees and charges. The Council is developing a more wide ranging Income Strategy to help increase overall income to cope with the financial challenges it is facing. This work builds on earlier work to develop a single and consistent fees and charges policy with transparency in the setting of its fees and charges.

Existing fees and charges are, wherever possible, increased annually by 3% to meet the costs of inflation. However there are restrictions on the levels of income councils can charge for some services e.g. homecare services.

The budget strategy for 2015/16 was based on fundamental three year business plan reviews across all Council service portfolios. Within these plans were proposals for increasing income including:-

- maximisation of external funding
- increase in joint funding from Health
- Public Protection fee increases to reflect cost
- review of car parking charges
- increased charging for some services

These reviews led to an increase in budgeted income across portfolios of £2.3m in 2015/16.

For 2016/17 and 2017/18, the Council will need to develop its income policy and identify new opportunities for income to help bridge the gap from the reduction in national funding.

## Income Dependency

The Council is dependent on being able to generate income to fund some of its core services. For example, Leisure Services relies on £6m from income, mainly from its customers, whilst Facilities Services (Cleaning and Catering) relies on £3m from external income. In Catering the strategy for fees and charges needs to consider the impact of charging to avoid turning customers away.

## Constraints on Charging Policy

In recent years, Welsh Government have introduced measures such as the First Steps Improvement Package which introduced a then cap of £50 per week on the amount that Local Authorities could charge for Domiciliary Care. This led to a loss of income to Flintshire County Council of £0.426m in 2011/12 and has limited the Council's ability to increase income for future years.

Reviews of these national constraints are needed to give councils the freedom to recover more income to subsidise some of the services it provides.

**The impact of reductions in Revenue Support Grant is £19.4m offset by increase in Council Tax income of £6.2m**



# 6. Total Impacts

The total impact of known national pressures is £1.6m

The total impact of major local pressures is £9.9m

The total amount of inflation forecast is £12.5m

The total amount of workforce pressures is £15.6m (excluding inflation)

The impact of reductions in Revenue Support Grant is £19.4m offset by increase in Council Tax income of £6.2m

**Total impact is £ 52.8m**





## CABINET

<b>Date of Meeting</b>	Tuesday, 15 December 2015
<b>Report Subject</b>	Provisional Local Government Settlement and the Council Fund Revenue Budget 2016/2017
<b>Cabinet Member</b>	Leader of the Council and Finance Cabinet Member
<b>Report Author</b>	Chief Executive and Corporate Finance Manager
<b>Type of Report</b>	Strategic

### EXECUTIVE SUMMARY

The Council has adopted a Medium Term Financial Strategy (MTFS). The Strategy sets out the first two parts of a developing Council Fund Revenue Budget for 2016/17.

The Overview and Scrutiny Committees are considering the first two parts or 'building blocks' of this proposed budget throughout December in a series of special meetings. The first 'block' is made up of service changes and efficiencies drawn from the business plans of each Chief Officer. Each Overview and Scrutiny Committee is being presented with the proposals for its respective portfolio for review and challenge. Whilst a complete set of proposals has been set out in a detailed document for each Committee, most attention is being given to the proposals considered to have greater risk. Members are already sighted on the proposals from a series of internal workshops.

The second 'block' of the developing budget is based on Corporate Financing proposals. These proposals will be considered by the Corporate Resources Overview and Scrutiny Committee which, with its wider corporate budget overview and monitoring role, will meet at the end of this series of meetings. The Committee will meet twice. Firstly, to review the budget proposals for corporate services and the corporate financing options for the whole Council and, secondly, to review the whole budget scrutiny process and advise on further information requested of the Cabinet.

As part of its Strategy the Council has made a case for some support and relief from Welsh Government to enable it to produce a supportable and balanced budget for 2016/17. This case has been presented locally through a series of

public statements, media coverage, internet exposure and community engagement meetings. Behind the scenes the Council has been engaged in an intensive campaign to build support for its case at a national level, both as part of the collective effort of the Welsh Local Government Association (WLGA) and separately.

The Draft Welsh Budget was announced by Welsh Government on 8 December. The more detailed Provisional Local Government Settlement was to be announced on 9 December (and after this report was written for publication).

The Council will need to consider what other options are possible in order to be able to balance the budget for 2016/17, once the detail of the Provisional Settlement is known and its impacts fully understood. This will be done throughout January and February. A second series of Overview and Scrutiny Committees has been set in the diary for mid to late January.

The Council will have to set its final annual budget by 10 March.

A presentation will be made at this Cabinet meeting with an initial analysis of the Provisional Local Government Settlement and its implications for Flintshire.

## RECOMMENDATIONS

1	To receive an initial assessment of the Provisional Local Government Settlement as the basis for a fuller report for Cabinet and Overview and Scrutiny Committees in January 2016 to inform (1) the annual budget setting process and (2) a revision of the Medium Term Financial Strategy.
2	To set out a timetable for recommendation of the budget in stages through January to March 2016 including the further development of 'fall back' options to reach a balanced budget.

## REPORT DETAILS

<b>1.00</b>	<b>BUDGET SETTING FOR 2016/17</b>
1.01	The Council has adopted a Medium Term Financial Strategy (MTFS). The Strategy has been published in two documents over the course of the summer. The first document <i>Forecasting the Challenge</i> sets out the predicted budget needs and resources of the Council. The second, <i>Meeting the Financial Challenge</i> , sets out a response with possible solutions. The Strategy sets out the first two parts of a developing annual Council Fund Revenue Budget for 2016/17. The Strategy has been the subject of a series of member workshops, and briefings with Group Leaders and the Chairs and Vice-Chairs of the Overview and Scrutiny Committees. The Strategy has been shared with local and regional partner organisations and has been central to the recent public engagement exercise and national campaigning.

1.02	<p>The Overview and Scrutiny Committees are considering the first two parts or 'building blocks' of the annual budget throughout December in a series of special meetings. The first part or 'block' of the budget proposals is made up of service changes and efficiencies drawn from the business plans of each Chief Officer. These business plans are being developed for a three year period with 2016/17 being the second year. The detailed budget proposals adopted for 2015/16 were also drawn from the business plans. Options from within the business plans for 2017/18 will be the subject of scrutiny early in the 2016/17 financial year and well in advance of the formal annual budget setting process for that year. The business plan proposals for each service portfolio are listed on the website within the agenda set for each Overview and Scrutiny Committee meeting in December.</p>
1.03	<p>Throughout December each Overview and Scrutiny Committee is being presented with the proposals for its respective portfolio for review and challenge. A complete set of proposals has been set out in a detailed document for each Committee and most attention is being given to the higher risk proposals. Members are already sighted on the proposals from the earlier internal workshops.</p>
1.04	<p>The second part or 'block' of the developing budget is based on Corporate Financing proposals. These proposals will be considered by the Corporate Resources Overview and Scrutiny Committee which, with its wider corporate budget overview and monitoring role, will also meet at the end of this series of meetings. The Committee will meet twice. Firstly, to review the budget proposals for corporate services and the corporate financing options and, secondly, to review the whole budget scrutiny process and advise on further information requested of the Cabinet. The corporate financing proposals are detailed in the MTFS and have also been part of the member workshops and briefings. Members will be well acquainted with the corporate financing issues to 'size-up' and manage, such as inflation management, from previous annual budget setting exercises.</p>
1.05	<p>As part of its Strategy the Council has made a case for some support and relief from Welsh Government to enable it to produce a supportable and balanced budget for 2016/17. This case has been presented locally through a series of public statements, media coverage, internet exposure and community engagement meetings. Behind the scenes the Council has been engaged in an intensive campaign to build support for its case at a national level, both as part of the collective effort of the Welsh Local Government Association (WLGA) and separately. The WLGA has recently published its <i>Manifesto</i>. The <i>Manifesto</i> makes the case for local government funding, and supporting national policies, both to influence Welsh Government in setting its Welsh budget for 2016/17, and to influence the commitments to be made by the political parties for local government and local public services in the run up to the 2016 elections for the National Assembly for Wales.</p>
1.06	<p>The Draft Welsh Budget was announced by Welsh Government on 8 December. Details of the announcement are available on the Welsh Government website and will have been covered in the media. The more detailed Provisional Local Government Settlement was to be announced on 9 December (after this report was written for publication). Detailed</p>

	analysis of the Provisional Settlement will be required before the Council can plan with any certainty a final budget for 2016/17. The Council will need to consider what other options are possible in order to be able to balance the budget for 2016/17, once the detail of the Provisional Settlement is known and its impacts fully understood. This will be done throughout January and February. Following an initial report to Cabinet in mid-January a second series of Overview and Scrutiny Committees will follow in mid to late January.
1.07	A presentation will be made at the Cabinet meeting with an initial analysis of the Provisional Local Government Settlement and its implications for Flintshire.
1.08	The Council will have to set its budget by 10 March. The budget setting process for 2016/17 is particularly complex given the lateness of the expected Final Local Government Settlement from Welsh Government and the scale of the annual budget reductions the Council has to manage. The Provisional Settlement is an indication of the intentions of Welsh Government for its budget, and one from which councils can plan their own budgets. However, Welsh Government has already explained that due to the need to consult on the Settlement, and due to the need to have a full understanding of the recently published Comprehensive Spending Review and its implications for Wales, the Final Settlement cannot be published until March. Council meetings are set in the diary for 26 January and 16 February, with a third and final meeting, at which the Council Tax will need to be set, being scheduled for 10 March.
1.09	In the interim the WLGA will continue intensive discussions with Welsh Government over funding relief over and above that provided with the Provisional Settlement, such as parity of funding for social care within the additional resources being made available for the National Health Service in Wales. Flintshire has already notified Welsh Government of its request for an exemption from certain income capping policies such as homecare services.
1.10	'Fall back' options to balance the budget are being developed in the five areas of services, education funding, workforce, corporate financing, and income and local taxation. These options will inform the further work for the New Year outlined above.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	As set out in the Medium Term Financial Strategy.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	This report summarises the consultation process.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	As set out in the Medium Term Financial Strategy.

<b>5.00</b>	<b>APPENDICES</b>
5.01	<p>Appendix 1 – Business Plan Proposals 2016/17 for Community and Enterprise.</p> <p>Appendix 2 – Business Plan Proposals 2016/17 for Corporate Resources</p> <p>Appendix 3 – Business Plan Proposals 2016/17 for Education and Youth</p> <p>Appendix 4 – Business Plan Proposals 2016/17 for Organisational Change</p> <p>Appendix 5 – Business Plan Proposals 2016/17 for Planning and Environment and Streetscene and Transportation</p> <p>Appendix 6 – Business Plan Proposals 2016/17 for Social Services</p>

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p>Medium Term Financial Strategy Parts 1 and 2  <a href="http://www.flintshire.gov.uk/en/Resident/Medium-Term-Financial-Strategy/Medium-Term-Financial-Strategy.aspx">http://www.flintshire.gov.uk/en/Resident/Medium-Term-Financial-Strategy/Medium-Term-Financial-Strategy.aspx</a></p> <p>Medium Term Financial Strategy Executive Summary  <a href="http://www.flintshire.gov.uk/en/PDFFiles/Medium-Term-Financial-Strategy/Summary-Medium-Term-Financial-Strategy.pdf">http://www.flintshire.gov.uk/en/PDFFiles/Medium-Term-Financial-Strategy/Summary-Medium-Term-Financial-Strategy.pdf</a></p> <p>Flintshire County Council 24<sup>th</sup> October 2015 Report  <a href="http://cyfarfodyddpwyllgor.siryfflint.gov.uk/ieListDocuments.aspx?CId=143&amp;MId=3551&amp;Ver=4&amp;LLL=undefined">http://cyfarfodyddpwyllgor.siryfflint.gov.uk/ieListDocuments.aspx?CId=143&amp;MId=3551&amp;Ver=4&amp;LLL=undefined</a></p> <p>Cabinet 15<sup>th</sup> September 2015 Report  <a href="http://cyfarfodyddpwyllgor.siryfflint.gov.uk/ieListDocuments.aspx?CId=391&amp;MId=3537&amp;Ver=4&amp;LLL=undefined">http://cyfarfodyddpwyllgor.siryfflint.gov.uk/ieListDocuments.aspx?CId=391&amp;MId=3537&amp;Ver=4&amp;LLL=undefined</a></p> <p><b>Contact Officer:</b> Colin Everett  Chief Executive</p> <p><b>Telephone:</b> 01352 702101</p> <p><b>Email:</b> <a href="mailto:chief.executive@flintshire.gov.uk">chief.executive@flintshire.gov.uk</a></p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<b>Budget:</b> 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.

**Local Government Finance Settlement:** This sets out what the Welsh Government is to allocate to each local authority in Wales. It is issued in two stages. This year, the Provisional Settlement is expected on 9<sup>th</sup> December with the final Local Government Finance Settlement being announced on 1<sup>st</sup> March 2016.

**Medium Term Financial Strategy (MTFS):** 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 its priorities, duties and obligations.

**Council Fund:** the majority of the Council's revenue expenditure covering all services except Council Housing for which there is a stand-alone and ring-fenced account called the Housing Revenue Account (HRA).

**Annual Settlement:** the amount of its funds the Welsh Government will allocate annually to local government as a whole, as part of its total budget, and to individual councils one by one. The amount of Revenue Support Grant (see below) each council will receive is based on a complex distribution formula for awarding Aggregate External Finance (AEF). The formula is underpinned by assessments of local need based, for example, of population size and demographics and levels of social deprivation.



## Business Planning 2016/17

### Summary of Business Planning Proposals and Options

Category	1	2	3	Total
Portfolio	2016/17 £m	2016/17 £m	2016/17 £m	2016/17 £m
Community & Enterprise	1.509	0.000	0.000	1.509
<b>Total</b>	<b><u>1.509</u></b>	<b><u>0.000</u></b>	<b><u>0.000</u></b>	<b><u>1.509</u></b>

#### Category

1. Fully Costed and Safe - Very detailed costings/modelling undertaken and the the accuracy can be relied upon not to change significantly
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**Business Planning Efficiencies for  
Community and Enterprise Portfolio**

No	Specific 2016/17 Proposals	Type	16-17 PROPOSALS £m	16-17 MANDATORY duties	16-17 RISK status of ACCEPTABILITY and DELIVERABILITY	Categorisation of financial robustness	Explanation
<b>CUSTOMER SERVICES</b>							
1	Close the personal answering service for main switchboard telephone calls	Structural Review	0.065	NM		1	Full year effect of 15/16 saving
4	Review of Fees and Charges for Registration Service	Income Generation	0.010	NM		1	Increased fees for weddings
5	Telephone Contact Centre savings	Structural Review	0.100	NM		2	Range of options under consideration to deliver savings - part year effect
7	Customer Services Team Restructure	Service Efficiency	0.014	NM		1	Reduction in team costs
8	Review of Flintshire Connects budgets	Service Efficiency	0.040	NM		1	Reduction in office costs
<b>Total Customer Services</b>			<b>0.229</b>				
<b>HOUSING REGENERATION</b>							
1	Energy Efficiency Framework	Income Generation	0.050	NM		2	Charge partners for use of council's framework
2	Housing Regen and Strategy further Capitalisation	Service Efficiency	0.030	NM		1	Capitalisation of staff costs
3	SHARP Framework	Income Generation	0.020	NM		1	Charge partners for use of council's framework
<b>Total Housing Strategy</b>			<b>0.100</b>				
<b>COMMUNITY SUPPORT SERVICES</b>							
1	Welfare Rights Team Review	Structural Review	0.048	NM		2	Consider model of service delivery to safeguard provision of welfare rights service and deliver savings
3	Community Support Services - Management Restructure	Structural Review	0.012	NM		1	Full year effect of reduction of 1 Manager post
4	Community Centres	Income Generation	0.048	NM		1	Charge Housing Revenue Account for usage
5	Community Based Accommodation Support Service	Structural Review	0.062	NM		1	Reduction of 3 posts over 2 years through voluntary redundancy and vacancy management. Service supplemented by volunteers providing good neighbour service
6	Increased use of leased properties to reduce B&B expenditure	service efficiency	0.060	M This proposal does not compromise our mandatory duty to support people who are homeless		1	Maximising Housing Benefit income through property leasing. Reduce B&B expenditure
7	Response Service for Older People	service efficiency	0.020	NM		2	Alternative model for out of hours response service
10	Bed & Breakfast Charging	Income Generation	0.005	M This proposal does not compromise our mandatory duty to support people who are homeless		1	Year 2 of charging to partially offset service cost
11	Supporting People restructure	Structural Review	0.015	NM		1	Reduce staff costs to reflect grant reductions
12	Galw Gofal Contract Fees	Service Efficiency	0.030	NM		1	Reduction in fee paid to Galw Gofal
14	Review of Financial Assessments	Structural Review	-	-		2	Joined up financial assessment service to deliver improved customer experience. 1 post saved
<b>Total Community Support Services</b>			<b>0.300</b>				
<b>REVENUES AND BENEFITS</b>							
1	e billing / administration / budget costs	Service Efficiency	0.039	M This proposal does not compromise our mandatory duty to administer or collect local taxes		2	Saving in admin costs as more people receive e bills together with proposals to reduce revenue budget in specific budget lines
3	Staff restructure to match staff costs to Department of Works and Pensions grant for benefits	Structural Review	0.100	M This proposal does not compromise our mandatory duty to administer Housing Benefit		1	Reduction in posts could pose a financial risk through potential subsidy loss. There is also a further financial risk due to an ever decreasing subsidy administration grant from DWP
4	In-house bailiff service	Income Generation	0.060	NM		1	Income target already agreed by Cabinet - summer '14. Second year of trading should produce additional surplus as stated, especially with potential joint working with other local authorities
11	200% charge on long term empty properties	Income Generation	-	-		2	Utilisation of new powers for empty and second homes
12	Cessation of NNDR charitable reliefs	Service Efficiency	-	-		2	Reduction in scale of support provided with enhanced hardship fund
13	Fraud expenditure budget reduction	Service Efficiency	0.045	NM		1	Service outsourced. Budget saving identified
14	Council Tax Reduction Scheme	Service Efficiency	0.329	M This proposal does not compromise our mandatory duty to provide people with support for a Council Tax reduction		2	Match budget to recent spend. Liable to in year risk
<b>Total Revenues and Benefits</b>			<b>0.573</b>				
<b>BUSINESS DEVELOPMENT</b>							
2	Supplies and Services reduction	Service Efficiency	0.003	NM		1	Admin cost saving
3	Business Development Restructure	Structural Review	0.020	NM		1	Service restructure
<b>Total Business Development</b>			<b>0.023</b>				
<b>SUPPORT SERVICES</b>							
1	Reduction in Training Admin	Structural Review	0.010	NM		1	Service restructure
<b>Total Support Services</b>			<b>0.010</b>				
<b>REGENERATION (PLACES)</b>							
1	Reduction in scale of service	Structural Review	0.045	NM		2	Service restructure
4	Reduce community environmental projects	Voluntary Sector	0.009	NM		1	Reduced budget for third sector commissioning of environmental projects
5	Earned Income recharge of management costs to Regeneration Projects	Service Efficiency	0.012	NM		1	Capitalise or recharge staff costs to project income
<b>Total Regeneration (Places)</b>			<b>0.066</b>				
<b>SENIOR MANAGEMENT RESTRUCTURE</b>							
1	Reduction in scale of service	Structural Review	0.055	NM		1	Full year effect of management restructure
3	20% Recharge of Wardens Service to HRA	Service Efficiency	0.153	NM		2	Charging for Housing Management Service carried out by support staff
<b>Total Senior Management Restructure</b>			<b>0.208</b>				
<b>TOTAL COMMUNITY AND ENTERPRISE</b>			<b>1.509</b>				

<b>Community &amp; Enterprise</b>	
<b>Total value of Business Plan proposals</b>	<b>1.509</b>

CATEGORISATION KEY	Total 16-17
1 = Fully Costed and Safe - Very detailed costings/modelling undertaken and the accuracy can be relied upon not to change significantly	0.725
2= Reasonably costed will need refining - The level of detail behind the costings/modelling is reasonable although further work will be required to ensure robustness and to deal with any changes in circumstances e.g. market conditions.	0.784
3= High level costing requires detailed further modelling - The figures are included at a high level with uncertainty around some of the significant detail e.g. further work required to develop a specific proposal such as rationalising services/building	0.000

1.509

## Business Planning 2016/17

### Summary of Business Planning Proposals

Category	1	2	3	Total
Portfolio	2016/17 £m	2016/17 £m	2016/17 £m	2016/17 £m
Corporate Services	0.235	0.320	0.300	0.855
<b>Total</b>	<b><u>0.235</u></b>	<b><u>0.320</u></b>	<b><u>0.300</u></b>	<b><u>0.855</u></b>

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**Business Planning Efficiencies for Corporate Services**

No	Specific 2016/17 Proposals	Type	16-17 PROPOSALS £m	16-17 MANDATORY duties	16-17 RISK status of ACCEPTABILITY and DELIVERABILITY	Categorisation of financial robustness	Explanation
<b>PEOPLE &amp; RESOURCES - FINANCE</b>							
1	Implementation of Collaborative Planning Software to finance to improve and automate our processes thus enabling workforce efficiencies	Service Efficiency		M		2	The introduction of this new software will enable budget monitoring to be undertaken more efficiently, with the minimum of manual intervention which will lead to workforce efficiencies and reductions.
2	Phased roll out of new finance model.	Structural Review		M			The implementation of a new Finance Model and a review of structure and business processes to achieve efficiencies and to operate as a modern Finance function.
<b>Totals</b>			<b>0.135</b>				
<b>PEOPLE &amp; RESOURCES - HUMAN RESOURCES &amp; ORGANISATIONAL DESIGN</b>							
1	Effective people management skills to increase levels of Managers' self sufficiency	Service Efficiency		NM		2	Demand management exercise to upskill managers to become increasingly self sufficient in managing their people /teams.
2	Redefine clear roles and responsibilities for Human Resources (HR) / managers	Service Efficiency		NM			Complements the exercise above in that the roles and responsibilities of HR and managers need to be redefined for the future and will reduce reliance on HR resources.
3	Review of Human Resources & Organisational Design operating model and job roles	Structural Review		NM			To review the operating model and structure for Human Resources & Organisational Design to better meet the organisation's future requirements.
4	Further roll-out (50%) of Flexible & Agile Working arrangements (phase 1)	Service Efficiency		NM			Promotion and implementation of flexible and agile to reduce accommodation space.
5	Implementation of iTrent Self Service to Schools	Service Efficiency		NM		2	Reduction of reliance on corporate and Schools administrative processes thereby creating efficiencies in workforce.
<b>Totals</b>			<b>0.115</b>				
<b>GOVERNANCE - LEGAL</b>							
1	Increase income	Income Generation	0.015	M		1	To increase the fees recharged to developers etc entering legal agreements with the council in line with other councils in Wales (the income earned as a % of the service budget is approximately half that of other councils).
<b>Totals</b>			<b>0.015</b>				
<b>GOVERNANCE - ICT</b>							
1	Reduction in management, staff and non pay costs	Structural Review	0.300	NM		3	In order to mitigate the high risk of collaboration with Wrexham, the service will need to restructure and significantly review levels and types of service available.
2 (new)	Education ICT	Service Efficiency	0.220	NM		1	Remodelling of service to create efficiencies.
<b>Totals</b>			<b>0.520</b>				
<b>CHIEF EXECUTIVE'S</b>							
1 (new)	Voluntary Sector Grants review	Service Efficiency	0.070	NM		2	Revised core funding agreements with voluntary sector partners to reflect new models of delivery and revised funding arrangements.
<b>Totals</b>			<b>0.070</b>				

**TOTAL CORPORATE SERVICES 0.855**

<b>CORPORATE SERVICES</b>	
Total value of Business Plan proposals	2.483

<b>CATEGORISATION KEY</b>	<b>Total 16-17</b>
1 = Fully Costed and Safe - Very detailed costings/modelling undertaken and the accuracy can be relied upon not to change significantly	0.235
2= Reasonably costed will need refining - The level of detail behind the costings/modelling is reasonable although further work will be required to ensure robustness and to deal with any changes in circumstances e.g. market conditions.	0.320
3= High level costing requires detailed further modelling - The figures are included at a high level with uncertainty around some of the significant detail e.g. further work required to develop a specific proposal such as rationalising services/buildings.	0.300

0.855

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## Business Plannir

### Summary of Business Planning Proposals

Category	1	2	3	Total
Portfolio	2016/17 £m	2016/17 £m	2016/17 £m	2016/17 £m
Education & Youth	0.493	0.061	0.187	0.741
<b>Total</b>	<b><u>0.493</u></b>	<b><u>0.061</u></b>	<b><u>0.187</u></b>	<b><u>0.741</u></b>

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**Business Planning Efficiencies for Education and Youth Portfolio**

No	Specific 2016/17 Proposals	Type	16-17 PROPOSALS £m	16-17 MANDATORY duties	16-17 RISK status of ACCEPTABILITY and DELIVERABILITY	Categorisation of financial robustness	Explanation
1	School Modernisation	Structural Review	0.187	M Reduction in over-capacity in school's network will be achieved through this programme		3	Estimate savings released from the schools budget due to school reorganisation. These are subject to Cabinet and ministerial approval.
2	Primary & Early Years Education - Maximising Deployment of Early Entitlement Foundation Phase Grant (including new model for provision of 10% teacher time in funded early years settings).	Service Efficiency	0.017	NM		1	Maximising Deployment of Early Entitlement Foundation Phase Grant (including new model for provision of 10% teacher time in funded early years settings).
3	Further remodelling of Music Service to move to "full cost recovery"	Service Efficiency	0.061	NM		2	Further remodelling of Music Service to move to "full cost recovery" through cost reduction and increased income generation. The Music Service is currently reviewing whether an Alternative Delivery Model would offer a sustainable alternative. Increased tuition fees and/or introduction of a charge for transport will provoke a negative response from music service users.
4	Reduction in administrative IT support.	Structural Review	0.040	NM		1	Further reduction and restructure of Education & Youth 'back office functions'.
5	Additional Learning Needs	Service Efficiency	0.020	M Children & young people with additional learning needs will continue to be supported either by school action or school action plus		1	Residual savings following withdrawal of the additional learning needs service in 2014/15.
6	English as an additional language/Gypsy Traveller Support - Current vacancy removal of post and remodelling of service delivery.	Service Efficiency	0.045	M Service remodelling to ensure ongoing mandatory compliance		1	Reduction of service with greater emphasis on training schools to deliver appropriate level of support to children with additional language needs. With continuing levels of migration this may place pressure on specific schools.
7	Speech & Language Service - Reduction in Service provision	Service Efficiency	0.007	M Children & young people with additional learning needs will continue to be supported either by school action or school action plus		1	Reduction in service provision.
9	Educational Psychology Service - Current vacancy removal of post	Service Efficiency	0.070	M Children & young people with additional learning needs will continue to be supported either by school action or school action plus		1	Reduction in service provision may place pressure on psychology team and result in waiting lists.
10	Inclusion Welfare Service - current vacancies - reduction in full time equivalent posts to 8.5 officers.	Service Efficiency	0.040	M Service remodelling to ensure ongoing mandatory compliance		1	Reduction in service provision may impact of the level of service that can be provided to schools.
11	Looked After Children Support	Service Efficiency	0.030	M Service remodelling to ensure ongoing mandatory compliance		1	Reduction in staffing with functions associated with role being picked up by another team.
14	Youth Services - Youth Justice Service Staffing Reduction	Structural Review	0.025	M Service remodelling does not compromise ongoing mandatory compliance		1	Reduced staffing levels.
15	Youth Services - reduction in caretaking	Structural Review	0.035	NM		1	Transfer of responsibilities from Youth to Facilities Services. Reduction in service.
16	Youth Service Planned Management Reductions & Vacancy Management	Structural Review	0.037	M Service remodelling does not compromise ongoing mandatory compliance		1	Reduced staffing levels in line with Youth Service Strategy.
18	SMIT reduction in staffing.	Structural Review	0.047	NM		1	Service restructure - continued reduction in 'back-office functions'.
19	Education & Youth Portfolio Service Review Reduction in Management Structure	Structural Review	0.080	NM		1	Service restructure - reducing the number of senior managers.
<b>TOTAL</b>			<b>0.741</b>				

EDUCATION AND YOUTH	
Total value of Business Plan proposals	0.741

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0.741

## Business Plan

2016/17

### Summary of Business Planning Proposals

Category	1	2	3	Total
Portfolio	2016/17	2016/17	2016/17	2016/17
	£m	£m	£m	£m
Organisational Change	0.728	0.544	0.000	1.272
<b>Total</b>	<b><u>0.728</u></b>	<b><u>0.544</u></b>	<b><u>0.000</u></b>	<b><u>1.272</u></b>

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**Business Planning Efficiencies for Organisational Change Portfolio**

<b>ORGANISATIONAL CHANGE 1</b>							
No	Specific 2016/17 Proposals	Type	16-17 PROPOSALS £m	16-17 MANDATORY duties	16-17 RISK status of ACCEPTABILITY and DELIVERABILITY	Categorisation of financial robustness	Explanation
14	Deeside Library Relocations	Service Reduction	0.030	Statutory duty for a comprehensive and efficient library service; proposals do not compromise this requirement.		1	Re-locate Mancot, Hawarden and Queensferry Libraries to Deeside Leisure Centre.
15	Community Asset Transfers	Service Reduction	0.544			2	Community Asset Transfer of: i) Connahs Quay Pool, ii) Holywell Leisure Centres iii) potentially rural libraries iv) building transfer of Holywell and Broughton libraries.
<b>Totals</b>			<b>0.574</b>				
<b>Ciwyd Theatr Cymru</b>							
1	Proposal to reduce shows and increase productivity	Service Reduction/ Service Efficiency/ Income Generation	0.150	NM		1	Reduction in shows from 8 to 6, combined with a reduction in staffing costs, and increases in income from productions and related activities.
<b>Total Organisational Change 1</b>			<b>0.724</b>				
<b>ORGANISATIONAL CHANGE 2</b>							
1	<b>Catering</b> Work process changes and office efficiency	Service Efficiency	0.005	NM		1	Review of the office processes and paperwork flows drawing on best practice and increased use of electronic delivery.
2	Staff structural change	Structural Review	0.019	NM		1	Review of the catering service resources delivered to High Schools, Primary Schools, Residential Homes and Day Care Centres and the way the current service is delivered.
3	Stock management and control	Service Efficiency	0.077	NM		1	Stock control management system has now been purchased and its use is being embedded within the service to deliver increased efficiencies.
4	Increase meal numbers (income)	Service Efficiency	0.080	NM		1	Current performance and take up in schools is currently 39% with a recent study indicating that 43% should be a target that is achievable. This requires improved marketing and promotion of the catering service to increase take up.
5	Debt recovery (income)	Service Efficiency	0.010	NM		1	Manage more effectively the levels of debt relating to school meals and take appropriate action to tackle debt levels. This deliverable is now linked to a new debt process.
<b>Totals</b>			<b>0.191</b>				
7	Increased Growth	Income Generation	0.003	NM		1	Grow cleaning service into other areas such as leisure services, schools, care facilities.
8	Different model of delivery (mobile)	Income Generation	0.004	NM		1	Deliver a peripatetic cleaning service to areas of the County and in addition increase external market contracts.
<b>Totals</b>			<b>0.007</b>				
9	<b>Security/Caretaking</b> Staff reductions	Service Reduction	0.056	NM		1	Review undertaken for County Hall and close down at County Hall in place augmented by improved CCTV coverage around the campus.
10	Lock Down and Shift Pattern modifications	Service Efficiency	0.020	NM		1	Review position at Flint and modify service. Continue to review Mold service.
<b>Totals</b>			<b>0.076</b>				
11	<b>CCTV</b> Staff reductions	Service Reduction	0.040	NM		1	Rationalise service following a review to create efficiencies.
12	Income increase	Income Generation	0.010	NM		1	A number of strands relating to recovery of fee income from system users based upon a more responsive and peripatetic provision, and reductions in system maintenance costs.
<b>Totals</b>			<b>0.050</b>				
13	<b>Other</b> Campus Management	Structural Review	0.030	NM		1	Rationalise service following a service review to create efficiencies.
14	Maintenance	Service Efficiency	0.005	NM		1	Review budgets and reduce the level of maintenance to the main campus facility.
<b>Totals</b>			<b>0.035</b>				
16	Valuations & Estates Lease renewals	Income Generation	0.023	NM		1	Increases in rental income on new leases, renewal of leases, agricultural rents and grazing licences.
18	Office management	Service Efficiency	0.002	NM		1	Undertake a LEAN review of the office processes and paperwork flows drawing on best practice and increased use of electronic delivery of the service.
19	Estate management cost recovery (dilapidations etc)	Income Generation	0.005	NM		1	Increased and more effective recovery from tenants of dilapidation costs following tenant vacation of our property assets.
<b>Totals</b>			<b>0.030</b>				
20	<b>Property Maintenance &amp; Design</b> Reduce maintenance budget	Structural Review	0.150	NM		1	Review of the council's existing corporate maintenance budgets in conjunction with a reducing property estate, through rationalisation. The Councils performance in relation to its maintenance delivery is already upper quartile.
22	Office running costs	Service Efficiency	0.004	NM		1	Undertake a review of the office running costs, reducing accommodation space and service cost.
23	Office management	Service Efficiency	0.005	NM		1	Undertake a review of office processes and paperwork flows drawing on best practice.
<b>Totals</b>			<b>0.159</b>				
<b>Total Organisational Change 2</b>			<b>0.548</b>				

**TOTAL ORGANISATIONAL CHANGE** 1.272

<b>ORGANISATIONAL CHANGE</b>	1.272
<b>Total value of Business Plan proposals</b>	1.272

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1.272



**Business Plans  
2016/17**

**Summary of Business Planning Proposals**

<b>Category</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>Total</b>
<b>Portfolio</b>	<b>2016/17 £m</b>	<b>2016/17 £m</b>	<b>2016/17 £m</b>	<b>2016/17 £m</b>
Planning & Environment	0.262	0.151	0.000	0.413
Streetscene & Transportation	0.485	1.240	0.775	2.500
<b>Total</b>	<b><u>0.747</u></b>	<b><u>1.391</u></b>	<b><u>0.775</u></b>	<b><u>2.913</u></b>

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**Business Planning Efficiencies for Planning and Environment Portfolio**

No	Specific 2016/17 Proposals	Type	16-17 PROPOSALS £m	16-17 MANDATORY duties	16-17 RISK status of ACCEPTABILITY and DELIVERABILITY	Categorisation of financial robustness	Explanation	
1	Staffing - management restructure	Structural Review	0.105	M The mandatory duties to provide a planning service and regulatory services such as animal and pest control are not compromised by these efficiencies		1	Reduction of Team Leader posts within the Trading Standards and Building Control functions. These savings would ideally be delivered through collaboration although further options are being explored to deliver this saving. In 17/18 this relates to a reduction in Service Managers.	
2	Staffing - service review	Structural Review	0.127			1	Over two years, the Service Review will result in a reduction of 4 posts below team leader level. Releasing vacancies and fulfilling early voluntary retirement requests in addition to bringing forward Alternative Delivery Model work within the drainage and energy areas will assist in achieving the savings proposal.	
4 & 5	Self financing for Public Protection Services - Animal & Pest Control - Licencing Charging	Income Generation	0.050			2	Incremental fee increases over the three year period will ensure that the animal and pest control function can at least operate on a self-financing basis. Proposed fees reflect favourably against neighbouring authorities and the private sector.	
8	Increase in planning fees (15% WG increase) and applications	Income Generation	0.101			2	Planning (Wales) Bill introduced a 15% increase from 01/10/15 on all planning application fees.	
9	Increase in number of planning applications	Income Generation			2	Estimated increase in the volume of planning applications as the economy continues to recover.		
10	Additional elements of charging for Planning Work	Income Generation			2	Planning (Wales) Bill proposes to increase the types of activities for which a planning fee can be charged as described within the proposal. Estimate of saving is based on an analysis of volume of work currently undertaken in these areas.		
11	Pre planning advice	Structural Review / Service Efficiency			2	Planning (Wales) Bill will introduce the provision of mandatory pre-application services, clarify what the Local Planning Authority has to provide and set standard service charges across Wales.		
12	Reduce cost of newspaper advertising	Structural Review / Service Efficiency	0.010			1	Continue to review the requirement to place public notices within local newspapers for all of the Planning and Environment portfolio. Secondary legislation related to Planning (Wales) Bill suggests that this may become less onerous.	
13	Savings from Development Management process improvements	Service Efficiency	0.020			1	Continue to undertake a full LEAN review of the Development Management process drawing on best practice and increased use of electronic delivery of the service.	
<b>TOTAL</b>			<b>0.413</b>					
<b>CUMULATIVE</b>								

PLANNING & ENVIRONMENT	
Total value of Business Plan proposals	0.413

CATEGORISATION KEY	Count Number	Total 16-17
1 = Fully Costed and Safe - Very detailed costings/modelling undertaken and the accuracy can be relied upon not to change significantly	4	0.262
2= Reasonably costed will need refining - The level of detail behind the costings/modelling is reasonable although further work will be required to ensure robustness and to deal with any changes in circumstances e.g. market conditions.	5	0.151
3= High level costing requires detailed further modelling - The figures are included at a high level with uncertainty around some of the significant detail e.g. further work required to develop a specific proposal such as rationalising services/buildings.	0	0.000
<b>Total</b>		<b>0.413</b>

**Business Plan Efficiencies for Streetscene and Transportation Portfolio**

No	Specific 2016/17 Proposals	Type	16-17 PROPOSALS £m	16-17 MANDATORY duties	16-17 RISK status of ACCEPTABILITY and DELIVERABILITY	Categorisation of financial robustness	Explanation
<b>CHANGES TO STAFFING AND CONTRACTUAL ARRANGEMENTS WITHIN THE EXISTING MODEL</b>							
4	Introduce an integrated transport unit	Structural Review	0.200	NM	Operating systems still to be confirmed	2	County wide transport service includes - Public, Social care and Schools transport
5	Shared Specialist Plant with neighbouring authority	Collaboration	0.050	NM	No discussions taking place to facilitate	2	The opportunity exists to share specialist plant, e.g. streetlighting equipment, traffic management equipment with another Council.
6	Staffing Structure following Organisation Design review	Structural Review	0.150	NM	New team delivering a huge change programme and day to day operations	1	The recent Organisation Design review has brought together a number of services under the new Portfolio and the staff will be reviewed in order to reduce numbers and provide more generic roles operating to the new business plan.
8	Introduce non-generic streetscene roles (3 year plan)	Structural Review	0.115	NM	Concerns from Trade Unions re the introduction of a two tier workforce	2	The Council introduced a generic Streetscene operative role in 2012. The new role requires the staff to work across the sections of Streetscene services in return for an increased salary. Whilst there are clear benefits in this arrangement, having operated this for a period of two years, it has become clear that a generic workforce across the overall service is unnecessary. The intention therefore is to replace any service leavers or new starters with non-generic (service specific) roles on lower salaries.
<b>Totals</b>			<b>0.515</b>				
<b>REVIEW OF STANDARDS AND OPERATING ARRANGEMENTS WITHIN WASTE</b>							
1	Develop energy production at landfill	Income Generation	0.100	NM	1. Subject to Planning 2. Funding to be confirmed 3. Works need to be completed by April 2016 4 Changes to Feed Tariff payments announced by Chancellor may impact on scheme viability	3	The landfill sites at Brookhill and Standard currently produce energy through gas turbines. The gas supply is reducing resulting in capacity in the connection to the mains grid. With investment, it is intended to increase the level of energy produced by introducing photo voltaic panels to both landfill sites. The potential to extend the energy source to Alltami depot opens the opportunity for utilising the energy to power the fleet (1.7M INVESTMENT REQUIRED)
2	Rationalise Household Recycling Centres provision and provide the service through a performance based contract which would include bulky collections.	Service Reduction	0.425	NM	Subject to achieving necessary recycling levels and further review of site numbers	3	The Council currently operates 7 Household Recycling Centre sites. The sites are operated utilising in-house labour. The proposal is: (1) to reduce the number of sites in the County to three, suggested locations to be decided based on optimising resident access to the sites (2) contract the management of the sites based on an incentivised contract which will improve the recycling levels at the sites. The opportunity to tender the work to a Social Enterprise will be considered.
3	Removing the waste containers delivery service	Service Reduction	0.050	NM	Public opposition to the proposals	2	Residents requiring new waste containers such as recycling boxes, bags, food caddies etc. currently call the Contact Centre and bags are delivered to their address. The proposal will be for residents to collect any new containers they require from: 1. Household Recycling Centre sites 2. Flintshire Connect Centres 3. Housing Offices Deliveries to assisted collection properties would continue and delivery of wheelie bins will also remain unchanged.
5	Introduce a charge for second garden waste bin	Income Generation	0.025	NM	Public opposition to the proposals	1	The Council currently provides a free collection of garden waste and whilst the new policy limits the number of bins provided to two, there are many properties within the County with significantly more than this number. The proposal is to provide a single bin collection free of charge for a second and subsequent bin.
6	Introduce 7 day working and no Christmas collection catch up	Service Efficiency	0.050	NM	Public opposition to the proposals	2	Currently we collect waste over a six day period and the proposal is to extend that to seven days. The saving will be generated by the reduced number of vehicles within Waste.
7	Diagnostic proposals waste	Service Review	0.050	NM	Improving productivity - TU opposition to proposals	1	Following the template of the Fleet Review we have engaged with a diagnostic partner to carry out a review of all operations within the waste service and make recommendation to improve efficiencies. Implementation of these changes will be on a no win/no fee basis.
8	Suspend garden waste collections November to February	Service Reduction	0.025	NM	Public opposition to the proposals Reduced Recycling levels	3	During this period there is a limited amount of garden waste material made. The proposal is to cease all garden waste material collections whilst maintaining the black bin collections.
12	Remove the existing policy of returning for missed bin waste collections	Service Reduction	0.075	NM	Public opposition to the proposals	3	The Council will not in future return to collect any containers not collected in the original visit to that area.
14	Review of Bulky Waste Collection	Service Reduction	0.025	NM	Public opposition to the proposals	2	Charging all residents / Contracting the service to Social Enterprise
15	Construction of a waste handling and biomass production facility at Greenfield	Service Reduction	0.100	NM	1. Subject to planning 2. Funding still outstanding	2	Waste handling facility will reduce fleet mileage and fuel costs. Biomass facility will feed Council boilers, invest to save proposal (£1m)
10	Car Parking Charges	Income Generation	0.200	NM	Full year effect of charges - Public opposition to the proposals	2	Revise the Councils Car Parking Strategy introducing parking charges to all town centre car parks in Flintshire
<b>Totals</b>			<b>1.125</b>				

REVIEW OF STANDARDS AND OPERATING ARRANGEMENTS WITHIN TRANSPORT AND TRANSPORTATION							
2	Replace Demand Responsive Transport with non-subsidised service	Service Reduction	0.250	NM	Full year effect of 2015/16 proposal	2	Deeside Shuttle - Demand for the service has grown to the extent that a regular and potentially non-subsidised defined route can replace the existing arrangements. The savings would be generated by a reduction in back office staff costs. Full year effect
5	Charge maintenance of Bus Shelters to Community & Town Councils	Income Generation	0.025	NM	Part of CAT's	1	Discussions will commence with Town & Community Councils in respect of taking maintenance responsibility for shelters.
6	Review subsidised bus routes	Service Reduction	0.100	NM	Public opposition to the proposals	3	Remove current subsidised bus services and work with Town & Community Councils and the local community to deliver local community based travel arrangements
<b>Totals</b>			<b>0.375</b>				
<b>OTHER</b>							
1	Remove the subsidy for the Community Rail Officer	Service Reduction	0.010	NM	Regional partners concerns	1	FCC currently provides £10k towards the funding of the post
4	Externalise the Stores Managed Service	Service Reduction	0.050	NM	Business case still to be developed	2	Align stores delivery to external provision or utilise Housing tender
<b>Totals</b>			<b>0.060</b>				

REVIEW OF STANDARDS AND OPERATING ARRANGEMENTS WITHIN STREETSCENE							
1	Externalise grass cutting service	Service Efficiency	0.075	NM	Contractor standards below in house and needs managing	1	The majority of area grass cutting is carried out by the in-house service with agency assistance to support existing staff. The operation requires a large amount of specialised plant and equipment which is not owned by the Council and hired at great expense. The intention is to incrementally tender the full function over a three year period - market testing against internal provision at each stage.
2	7 day operations across all service areas	Structural Review	0.025	NM	Trade Unions opposition to proposals	1	Following the Streetscene Review in 2012, Streetscene now operates a six day working week. The intention is to extend operations to Sunday which will require all staff to work some weekends during the year. The savings would be driven by reduction of vehicle plant and fleet.
3	Extend night working	Structural Review	0.025	NM	Pay enhancement needs reviewing	1	Streetscene introduced an evening shift in 2012. A small number of people work through the night (365 days a year) dealing with emergencies and small amounts of planned works. The proposal will see this level of work increase with operations such as gully emptying, town centre sweeping etc. carried out during the evening and overnight period. The saving will be generated by reduction of plant and equipment.
6	Final phase of public convenience review	Service Reduction	0.020	NM	Public opposition to the proposals	2	Implement final phase of the service review as previously approved by Cabinet.
7	Pass Maintenance Liability and Cleanliness of Cemeteries to Town & Community Councils	Service Reduction	0.050	NM	Part of CAT's proposal	3	The proposal is to pass all liability for the long term maintenance of cemeteries to Community Councils
8	Reducing Cleansing standard in the towns and enforce zero tolerance for littering	Service Reduction	0.050	NM	Subject to a reduction in littering	1	The Council currently has both CPE and Environmental Enforcement teams. Whilst numbers will reduce as part of the service review - this proposal would reduce or remove the service completely.
9	Diagnostic proposals Streetscene	Structural Review	0.050	NM	Productivity improvements - Trade Unions opposition to proposals	1	Following the Fleet Review the proposal is to engage a diagnostic partner to carry out a review of the operations within the highway service and make recommendation to improve efficiencies. Implementation of these changes will be on a no win / no fee basis
11	Probation Service to take on Litter Collections in some areas	Service Reduction	0.100	M	Trade Unions opposition to proposals	2	Currently all cleaning operations are carried out by full time Council employees. The proposal is to engage the Probationary Service to provide a resource on the Community payback Scheme to carry out this service on an SLA
13	Part night lighting in all residential areas	Service Reduction	0.030	NM	Public opposition to the proposals	2	Introduce part night lighting in all residential areas. Subject to risk assessment lights will be turned off between 12pm and 5am.
<b>Totals</b>			<b>0.425</b>				

<b>STREETSCENE AND TRANSPORTATION TOTAL</b>		<b>2.500</b>		
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<b>STREETSCENE &amp; TRANSPORTATION</b>	
<b>Total value of Business Plan proposals</b>	<b>2.500</b>

CATEGORISATION KEY	Count Number	Total 16-17
1 = Fully Costed and Safe - Very detailed costings/modelling undertaken and the accuracy can be relied upon not to change significantly	10	0.485
2= Reasonably costed will need refining - The level of detail behind the costings/modelling is reasonable although further work will be required to ensure robustness and to deal with any changes in circumstances e.g. market conditions.	17	1.240
3= High level costing requires detailed further modelling - The figures are included at a high level with uncertainty around some of the significant detail e.g. further work required to develop a specific proposal such as rationalising services/building	13	0.775

## Business Plan

### Summary of Business Planning Proposals

Category	1	2	3	Total
Portfolio	2016/17 £m	2016/17 £m	2016/17 £m	2016/17 £m
Social Care	0.272	0.426	0.238	0.936
Total	<u>0.272</u>	<u>0.426</u>	<u>0.238</u>	<u>0.936</u>

#### Category

1. Fully Costed and Safe - Very detailed costings/modelling undertaken and the the accuracy can be relied upon not to change significantly
2. Reasonably costed will need refining - The level of detail behind the costing/modelling is reasonable although further work will be required to ensure robustness and to deal with any changes e.g. markets
3. High level costing requires detailed further modelling - The figures are included at a high level with uncertainty around some of the significant detail e.g. further work required to develop a specific proposal such as rationalising services/buildings.

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These Business Plan proposals for 2016/17 build on the work shared with Group Leaders and Chairs of Scrutiny committees and more recently with all Members at the Member workshops.

The tables on the following pages have headings which are familiar.

A new heading refers to the 'Mandatory' duty to provide particular services. It should be noted that all services/functions provided by the Council are provided under many statutory duties. Within these statutory services a 'mandatory' service or function '**must**' be provided.

All 'mandatory' services/functions have been RAG assessed to determine if any 'duty' would be compromised should the business plan proposal be adopted. These are all noted with an 'M' plus an explanation as to the RAG assessment. All 'non-mandatory' services/functions are noted as NM.

**Business Plan Efficiencies for Social Care Portfolio**

No	Specific 2016/17 Proposals	Type	16-17 PROPOSALS £m	16-17 MANDATORY duties	16-17 RISK status of ACCEPTABILITY and DELIVERABILITY	Categorisation of financial robustness	Explanation
<b>Older People</b>							
<b>Learning Disabilities</b>							
5	Rationalise the number of sites where In-House short term care is provided	Service Reduction	0.140	M The duty to provide short term care is not compromised by this full year effect of the change introduced last year.	Rationalisation of sites has been achieved	1	Rationalisation of short term care sites has been achieved and will bring about a full year benefit in 2016/17.
6	Consult on the potential to commission provision currently provided by In House Supported Living houses	Service Efficiency	0.125	M Duty to provide services for people with Learning Disabilities in appropriate settings; this model should achieve this.	Process of negotiation with families, service users and workforce underway; to be completed.	2	Criteria developed to identify Supported Living projects that may have the potential to be effectively delivered by the independent sector. There are 6 projects that are being considered. The number of projects that can be appropriately recommissioned from the independent sector, precise savings and timings will be clear once consultation has taken place alongside market capacity analysis. Indicative savings are subject to consultation.
7	Develop a 'progression' model for Supported Living	Service Efficiency	0.250	M Duty to provide services for people with Learning Development in appropriate settings; these models should achieve this.	Process of negotiation with families, service users and workforce underway; to be completed.	2	Adopt the progression model which supports people to live as independent lives as possible. This includes: • maximising technology as part of the support plan (telecare) • providing 'just enough support' in ways that build autonomy and personal resilience • maximise the use of Direct Payments • ensure progression is a key feature of 'transitional' arrangements for young people who have eligible needs This approach should improve peoples' quality of life as well as appropriately reducing support packages and the cost of support
14	Develop alternative approaches to in house day services and work opportunity schemes	Revenue Efficiencies	0.238		Process of negotiation with families, service users and workforce underway; but more progress is needed before assurity about delivery.	3	There is a variance in the care and support arrangements for clients across the day care and work opportunity settings. Some schemes support people with more moderate needs and have greater potential to move to alternative delivery models. Some of the services support people with very complex needs and the speed at which alternative models can be delivered varies along with the timescales and pace for releasing efficiencies.
<b>Children's Services</b>							
16	Service redesign in children's services	Structural Review	0.032	M Duty to provide Childrens and Safeguarding Services will not be be compromised by this redesign.	Consultation with workforce underway.	1	Review and realign structure within Childrens/ Safeguarding services.
22	Review commissioning with Action for Children	Voluntary Sector	0.035	NM	Potential for agreement made in 2015/16 to not be adhered to.	2	Bring together contracts with Action for Children with a view to negotiating a reduction of 10% for the Arosfa and Family Project contracts and ending the funding for the summer playscheme and the therapeutic service
25	Managing the Childcare market	Voluntary Sector	0.016	M Duty to provide services for childcare sufficiency in appropriate settings in line with CSSIW regulations; this model should achieve this.	Living wage costs and more stringent regulatory requirements for child care providers mean that the market may become more fragile.	2	Renegotiate the level of service commissioned from early years child care providers/organisations (3rd sector) with support provided to those parents with greatest/critical need
26	Align expenditure to critical statutory provision in Children's Services	Service Reduction	0.100	M Critical areas of provision will be protected within this proposal	Service review details to be worked through.	1	Review and realignment of structure within Children's / Safeguarding service area.

<b>Totals</b>	-	<b>0.936</b>		
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<b>SOCIAL CARE</b>	
<b>Total value of Business Plan proposals</b>	<b>0.936</b>

CATEGORISATION KEY	Total 16-17
1 = Fully Costed and Safe - Very detailed costings/modelling undertaken and the accuracy can be relied upon not to change significantly	0.272
2= Reasonably costed will need refining - The level of detail behind the costings/modelling is reasonable although further work will be required to ensure robustness and to deal with any changes in circumstances e.g. market conditions.	0.426
3= High level costing requires detailed further modelling - The figures are included at a high level with uncertainty around some of the significant detail e.g. further work required to develop a specific proposal such as rationalising services/buildings.	0.238

0.936



# Corporate Resources Overview & Scrutiny Committee

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Overview of First  
Phase of the Budget  
Process  
December 2015





# Purpose of Today's Meeting

- To receive feedback from the suite of Overview and Scrutiny Committees on the first phase proposals for the 2016/17 Council Fund Revenue Budget for services presented throughout December, and to provide commentary to the Cabinet
- To note the implications of the Settlement
- To advise on the budget setting process





# General Points on Process

- Definitions of mandatory and non-mandatory services a useful guide
- Risks to delayed implementation of proposals to be carefully assessed
- Fact sheets to be available for each specific budget proposal in mid-January with a full description, efficiency calculation, efficiency as a % of the service budget, risk assessment and background (where based on an earlier year decision)



# Generic Questions





# Calculating the RSG Change

## Aggregate External Finance (AEF) and Revenue Support Grant (RSG)

» AEF and Outcome Agreement Grant assumed in our MTFS forecast:  
£186.419m + £1.479m = £187.898m

» AEF 2016/17 Provisional Settlement including the transfer in of the Outcome Agreement Grant = £184.743m

» The difference between the two above is £3.155m

» The shortfall assumed in the MTFS forecast was £6.525m

» The net benefit to the MTFS forecast is therefore £3.370m

## Council Tax Base

» AEF figures have been adjusted to take into the revised Council Tax base. The local Council Tax base will rise by £0.400m



# Reassessing the Council case

1. **Capping RSG reduction to no greater than -2.5%:** exceeded in the Provisional Settlement at a Welsh average of -1.4% and -1.5% for Flintshire
2. **Funding for Social Services:** achieved in part through 1 above (social care pressures are given some recognition in the Settlement calculations) and achieved in part through the announcement of additional joint funds with the NHS (detail to follow)
3. **CTRS full funding:** no change. The case for the outstanding review to be pressed for 2017/18
4. **Removal of funding caps:** discussions ongoing



# Use of Consultants

- The Council's transformation programmes at corporate and service levels principally designed and implemented within our resources
- Consultants are employed sparingly. Two types as 'invest to save' work are fee based or 'risk and reward'. Live consultancies in Streetscene and Transportation (risk and reward), Social Services (fee based) and Corporate Services (fee based)
- Streetscene and Transportation: commercial expertise and the additional capacity to drive through efficiencies
- Social Services: the second largest Council spender with a need to test out whether our existing programmes could go further
- Corporate Services: challenge to reduce support costs to a workable minimum by testing out whether our existing programmes could go beyond their 30% 3 year savings targets



# Specific Portfolio Feedback

## Corporate Financing Proposals





# Environment

## Planning and Environment

### Increase in Planning Application Fee income

An increase of **£101k** on the 2015/16 existing Planning Fee Income Budget of £ 919k. Made up of an Increase in volume of applications as economy continues to recover £51k, and additional charging (e.g. discharge of conditions) of £50k.

### Streetscene and Transportation

No specific feedback to report on the budget proposals as presented.



# Organisational Change

## Deeside Library & Community Asset Transfers

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Proposal	Target Date Range	Target Efficiency Range
Deeside Library	1 <sup>st</sup> March 2016	£30-60,000
Connahs Quay S.P	April-June 2016	£196-261,000
Holywell L.C.	July-December 2016	£81-242,000
Mynydd Isa Library	April-June 2016	£26-34,000
Saltney Library	April-June 2016	£31-41,000
Hope Library	April-June 2016	£10-13,000
Holywell Library Building	July-December 2016	£5-16,000
Broughton Library Building	April-June 2016	£9-12,000
	Total Efficiency Range	£388-679,000
	Total Proposed Efficiency	£574,000





# Social Care and Health

- No specific feedback to report on the budget proposals as presented



# Education and Youth

- Level of funding available to schools through the funding formula is a continuing concern noting that this is a national funding challenge and not one which can be resolved locally
- Concern over the compound impact of specific grants which is beyond the control of the Council
- The sensitivities around the on-going review of Inclusion Services will be worked through in more detail at the coming workshop



# Community and Enterprise

- Concern that the Welfare Rights Service maintains sufficient capacity to continue to advise those in need, particularly during a period of welfare reform

# Closing Information

## Budget Timelines and Next Stage





# Budget Closure Strategy

- Ongoing work on assessing the remaining budget gap
- Need to take into account recalculation of new or changing costs pressures
- Further work advanced on options for corporate financing, workforce costs, income and local taxation, education funding and service plans
- Cabinet staged report on budget strategy and budget closure options due in January

# National Budget Timetable

- *Chancellor's Spending Review 25 November*
- *Welsh Government Draft Budget 8 December*
- *Provisional LGF Settlement 9 December*
- **Welsh Government Final budget on 8 March**
- **Final LGF Settlement on 9 March**





# Timescale for Phasing the Budget

- » Complete the current Overview and Scrutiny round of meetings on the first two parts of the proposed budget
- » Cabinet reappraisal report in January with further options to close the remaining budget 'gap'
- » Further Cabinet and Overview and Scrutiny Committee rounds leading to a final Council decision on the total budget, and Council Tax level, by 10<sup>th</sup> March
- » Council dates provisionally in the diary for 26 January, 16 February and 10 March

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**Flintshire County Council**

**This is our moment  
Public Engagement Events**

**Summary Report**

**December 2015**

## **Contents**

The purpose of the engagement	3
The period of engagement	3
The number of people taking part	3
The programme	4
Summary of open questions and answers	4
Summary of interactive voting session	7
Feedback	8
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Electronic statistics	10
Appendix 1 – Interactive voting questions	11

## The purpose of the engagement:

- To raise awareness and help people understand the magnitude of the financial challenges facing the Council between now and 2018.
- To draw particular attention to the £21m savings required for 2016/17 and how the Council plans to bridge a £7m budget gap.
- To gauge the level of support for the way in which the Council plans to meet the financial challenge.

## The period of engagement:

Monday 16 November 2015 to Monday 7 December 2015 at the following locations across the County:

Area 1	Argoed, Buckley and Penyffordd Monday 16 November	Elfed High School Buckley
Area 2	Bagillt and Flint Tuesday 17 November	Gwynedd CP School Flint
Area 3	Brynford, Caerwys, Holywell, Halkyn, Llanasa, Mostyn, Trelawyd & Gwaenysgor, Whitford and Ysceifiog Wednesday 18 November	Holywell High School
Area 4	Cilcain, Gwernaffield, Gwernymynydd, Leeswood, Llanfynydd, Mold, Nannerch, Nercwys, Northop, Treuddyn Monday 23 November	Bryn Coch School Mold
Area 5	Broughton & Bretton, Higher Kinnerton, Hope, Saltney Tuesday 24 November	Broughton CP School
Area 6	Connah's Quay, Northop Hall and Shotton Thursday 3 December	Civic Hall Connah's Quay
Area 7	Hawarden, Queensferry and Sealand Monday 7 December	Sandycroft CP School

## The number of people taking part:

A total of 319 people attended the public engagement events. The breakdown by area can be seen in the table below.

	Area 1	Area 2	Area 3	Area 4	Area 5	Area 6	Area 7
Number registered	75	45	66	110	47	82	56
Number attended	50	35	55	59	41	51	28

## The Programme

- Showing of the animated video 'This is our moment'
- Presentations by the Leader of the Council and the Chief Executive
- Open questions and answers
- Assignment of Chief Officers to act as links for the development of community services in each of the seven areas:
  - Area 1 – Clare Budden, Chief Officer Community & Enterprise
  - Area 2 – Neal Cockerton, Chief Officer Organisational Change
  - Area 3 – Ian Bancroft, Chief Officer Organisational Change
  - Area 4 – Stephen Jones, Chief Officer Streetscene & Transportation
  - Area 5 – Neil Ayling, Chief Officer Social Services
  - Area 6 – Andrew Farrow, Chief Officer Planning & Environment
  - Area 7 – Gareth Owens, Chief Officer Governance
- This is our county – a reminder in pictures of the things people value about the county
- What do you think? Using interactive voting equipment to gauge general levels of support with the actions proposed.

## Summary of open questions and answers

During the sessions people had the opportunity to ask questions, comment and feedback.

A general summary of debate across all areas can be found below:

- *UK and Welsh Government (WG) public spending*  
Concern was expressed around the lateness of the WG settlement information and the difficulties it would create not only for the County Council but for Town and Community Councils also in setting their precepts.

Many queried the funding formula and wanted to understand why Flintshire is a low funded Council and also why WG have been imposing public spending cuts when overall funding from UK Government has not reduced. The impact of the Universal Credit on the Council's revenue was also queried.

There was recognition that local efficiencies and savings would not on their own be enough to meet the projected budget gap, and whilst it was acknowledged that WG was in the same position as Local Councils in allocating a reduced settlement from central Government, it was also generally felt that WG should respond positively to the asks being made by Flintshire County Council.

- *Allocation of additional NHS funding, the impacts of an ageing population and the contribution of leisure services to health and well-being*  
It was evident in all meetings that people were concerned about the effects of an ageing population and the quality of care services needed for the future. The long term sustainability of private social care providers was also of concern if the cuts were to continue. There was strong support that councils should receive a proportion of the

additional National Health Service funding in order to help fund preventative social care services.

There was also a feeling that innovative partnership working between Health & Social Care funding should be a priority, not simply taking funds away from one area to offset budget pressures in another.

The links between leisure services and its benefits on health and well-being were also cited at many of the meetings.

- *Flintshire's economy*

The collection and distribution of business rates was discussed in all meetings and there was a general consensus for a larger proportion, if not all, of the business rates collected by Flintshire to be retained locally.

Concern was raised about any threat to business and tourism support services which would have the potential to lose links with young creative thinkers who are vital to the County's future economy.

- *The Council's budget and assets*

The value of Council reserves and whether they could be utilised to meet the 2016/17 financial challenges was queried along with the accuracy of the Council's projections.

A further understanding of the Council's modernised operating structure and associated redundancy costs was provided.

The disposal of assets, particularly unoccupied buildings, was of concern in some areas, along with the need for the Council to ensure that it was not left to fund significant dilapidation costs and it collected all monies owed.

There were also questions in some areas around the continued funding for services perceived to be less important or beneficial, particularly during times of such austerity when difficult decisions are needed.

- *Community Asset Transfers (CAT)*

It was evident in most areas that there was an appetite for CAT, but that the Council needed to provide more timely and clearer support and guidance about what was on offer and the process for making it happen. The provision of sample models where this approach has worked elsewhere was also requested. A clearer understanding of what local communities would be willing to support would also be crucial to the success of any CAT.

There was concern that CAT could speed up the closure of some facilities and questions were raised around what would happen to facilities put up for CAT if they were not taken forward.

It was also suggested that perhaps the Council should look to selling off surplus assets to generate capital receipts rather than transferring them through CAT.

- *Education*

The sustainability of retaining all existing County schools was raised particularly in respect of pressures on individual school budgets and the upkeep and maintenance of school buildings. The need to ensure all schools were operating efficiently and effectively within budget was raised along with the need to avoid abortive design costs when putting forward submissions for 21st Century School funding.

The ability to realise savings around school transport was queried particularly when decisions around potential school closures would, in some areas, see an increase in transportation costs.

Concerns were raised by members of the deaf community around potential cuts to BSL interpreting services which provided communication support between deaf parents and schools.

The ability of schools to continue to attract the right calibre of teachers was also raised and a call was made to ensure the obligations of developers in respect of 106 agreements were met so as to positively impact on local schools.

- *Local Government Reorganisation*

The question of when and if a local reorganisation of Council's in Wales would take place was raised in most areas and although there was recognition that it was too far away to make a difference to the current financial situation, it could only be beneficial in terms of future savings. There was also the view that a decision needed to be made sooner rather than later as it was not just about money but the delivery of better more efficient services.

- *Council Tax*

The ability for Welsh Council's to set a higher rate of council tax to protect services, in the same way as English councils was called for.

- *Income generation and savings suggestions*

Asset disposal, increasing council tax, toll charges on A55, voluntary contributions from parents towards maintenance of school buildings, switching street lights off completely during the summer, cross border service sharing were all put forward as ways of saving money or generating income.

- *Engaging communities and organisations*

There was a general feeling that wider and yet more targeted engagement was needed not only about the current financial situation, but more significantly around individual service changes, how people would be impacted and how communities, groups and organisations could come together to meet the challenge and bridge the gap.

## Summary of interactive voting session

The audience were asked nine questions to which they could either agree or disagree via the use of interactive voting keypads. A summary of the responses can be found below.

- Q1 When asked about their agreement with the way the UK Government is going about reducing money spent on public services, the majority in each of the seven areas did not agree. The largest majority was recorded in area 6 (87%) and the lowest majority in area 1 (71%).
- Q2 Considering the proposals highlighted by The Leader and the Chief Executive during their presentations, all areas agreed with the Council's plans for bridging the budget gap, with area 5 returning the highest majority (95%) and area 4 the lowest majority (74%).
- Q3 The idea of Councils doing more together to share costs and save money was very popular with returns ranging between 88% and 98% in agreement.
- Q4 There was strong backing in all areas for Welsh Government to support the Council in the way it was being asked. 100% of those voting in Area 4 were in agreement and returns of between 92% and 98% were recorded across the remaining six areas.
- Q5 There was again strong support in favour of Social Services being given extra funding from Government alongside the NHS. In this instance Area 1 returned 100% in favour with the remaining areas returning between 94% and 98%.
- Q6 There was a mixed response when asked to consider if the Council was playing its part to save money. 92% of the people who voted in area 5 were in agreement whilst only 58% were in agreement in area 1.
- Q7 On being asked whether there was support for paying a higher (affordable) rate of Council Tax in order to save local services there was again a mixed response between areas. In six of the seven areas there was a majority return in favour of this action, although the rate of return ranged between 59% and 85%. In area 7 however the majority (52%) were not in favour of an increase in Council Tax.
- Q8 All areas were in agreement with for paying for some services if it meant they could carry on with returns ranging from 73% to 89%.
- Q9 There was strong support in each of the seven areas for communities doing more to help save local services. The highest majority in favour was returned in area 5 (100%) and the lowest majority (81%) in area 1.

A list of the full questions asked can be found in Appendix 1.

## Feedback

At the end of each session people were given the opportunity to complete additional feedback forms and a summary of the information provided is detailed below:

- *Three things valued by communities which have the potential to be delivered differently with community involvement*
  - play areas, leisure centres, bowling greens, recreation, public open spaces, allotments, maintenance of Rights of Way, support AONB, countryside services, development of community gardens on council land, Mold Alex, Bailey Hill, heritage, tourism, Theatr Clwyd
  - community centres, meeting places, youth clubs, combine community centre and library service, swimming pool, public toilets
  - libraries, community roving library services developed to provide additional joined up services resources to support and strengthen rural and isolated areas, library home service to house bound, pay a small payment for library service
  - more 3rd sector preventative services for health & social care, social care (elderly & mental health), dementia friendly communities, home help, links between NHS & social care, snow angels service (Chester and Cheshire West Council), regular warden visits to sheltered housing, neighbourhood monitoring of vulnerable individuals, social enterprise for day services (LD and older people)
  - schools/education, community access for learning for life, skills, experiences and assets of retired population, voluntary support/input in schools, John Summers High School
  - grounds maintenance e.g. cemeteries, Buckley common, litter picking, recycling centres, refuse collection, highway maintenance
  - community watch/security, more community policing, policing (including traffic)
  - transportation, review bus subsidies, community transport, cycle routes, summer road toll on A55
  - business support, support for local voluntary sector, a county run lottery
  - more inclusive discussion and engagement with public
- *Other comments*

Other comments left at each of the sessions were primarily repeats of the discussions undertaken during the question and answer session.



## **The engagement process**

### **Who could get involved:**

A maximum capacity of 200 people was set per venue. 100 places at each location were reserved for attendance by targeted invitation and 100 places were open for registration by members of the public.

Targeted invitations by emailed to:

- All elected County Councillors

- Town and Community Councils (T&CCs) (4 places allocated to each)

- Head Teachers and Chairs of Governors of all county schools

- Local Service Board Partner organisations e.g. NW Police, Fire & Rescue, BCUHB, FLVC,

- 54 voluntary and charitable organisations

- Assembly Members and Members of Parliament

Registration for public attendance was promoted via:

- Animated video summarising the current financial situation

- [www.flintshire.gov.uk/OurMoment](http://www.flintshire.gov.uk/OurMoment) and [www.siryfflint.gov.uk/EinCyfle](http://www.siryfflint.gov.uk/EinCyfle)

- @FlintshireCC and @CSyFFlint - Twitter

- The Council's emagazine 'Your Council' (9000 subscribers)

- Existing networks / service user groups e.g. older people, young people, equality groups, tenants, businesses

- Council workforce via Infonet, Moodle and direct email

- County Councillors and T&CCs within their respective communities

- Press briefing, press release, media coverage

### **Registration**

Registration for places, both by invitation and public spaces, could be secured online or via telephone.

## Electronic statistics

During the period of consultation the following statistics were also recorded:

	English	Welsh
No. of views 'This is our moment' animation recorded on the Council's YouTube channel	457	34
No of unique page views <a href="http://www.flintshire.gov.uk/OurMoment">www.flintshire.gov.uk/OurMoment</a> (incorporating the animation)	3195	68
No. of page views 'Your Council' emagazine	2905	182

**Interactive Voting Questions**

- Q1 Do you agree with the way the UK Government is going about reducing money spent on public services?
- Q2 Do you agree with how the Council plans to bridge the budget gap?
- Q3 Should neighbouring Councils do more together to share costs and save money?
- Q4 Would you support Welsh Government helping in the way we have asked?
- Q5 Should Social Services have extra funding from Government alongside the NHS?
- Q6 Do you agree the Council is playing its part to save money?
- Q7 Would you be prepared to pay a higher rate of Council Tax to save local services?
- Q8 Would you be prepared to pay for some services if it meant they could carry on?
- Q9 Would you support your community doing more to help save local services?

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**Budget 2016/17**  
**Council Fund Revenue**

**Previous Years Growth/ Items Dropping Out**

<u>APPROVED 2014/15 BUDGET</u>	2016/17 £m	2017/18 £m
<b><u>Social Services</u></b>		
Independent Living Fund (ILF) estimate of RSG transfer	0	
Transition to Adulthood	0.473	
<b><u>Functional VFM's</u></b>		
Learning Disabilities – Short Term Care	(0.013)	
Social Services for Adults – Direct Payments	(0.024)	
	<u>0.436</u>	<u>0</u>
<b><u>Streetscene &amp; Transportation</u></b>		
Landfill Tax - increase cost per tonnage	0.053	
	<u>0.053</u>	<u>0</u>
<b><u>Central &amp; Corporate</u></b>		
Impact of Actuarial Valuation	1.504	
Single Status Agreement	3.774	1.726
Income reduction Vacation of former Council Offices, Ewloe	0.399	
	<u>5.677</u>	<u>1.726</u>
<b>TOTAL 2014/2015</b>	<u><u>6.166</u></u>	<u><u>1.726</u></u>
<u>APPROVED 2015/16 BUDGET</u>	2016/17 £m	2017/18 £m
<b><u>Social Services</u></b>		
Transition	0	0.640
Deprivation of Liberty Safeguards	(0.074)	0
<b>Total Social Services</b>	<u>(0.074)</u>	<u>0.640</u>
<b><u>Education &amp; Youth</u></b>		
School Modernisation	0.236	0.112
<b>Total Education &amp; Youth</b>	<u>0.236</u>	<u>0.112</u>
<b><u>Community &amp; Enterprise</u></b>		
Efficiency dropping out in relation to Single Person Discount	0.150	0.000
Impact of CT increase on CTRS	0.371	0.327
<b>Total Community &amp; Enterprise</b>	<u>0.521</u>	<u>0.327</u>
<b><u>Central &amp; Corporate</u></b>		
Review of State Pension - estimate	1.487	0
Next Actuarial review - Estimate	0	1.300
Insurance Provision	0.278	0
Prudential Borrowing	0.252	0.029
Loss of income from Ewloe rent	0	0.133
<b>Total Central &amp; Corporate</b>	<u>2.017</u>	<u>1.462</u>
<b>Less Pressure dropping out:</b>		
<b><u>Education and Youth</u></b>		
Greenfield Valley Trust contribution to Lottery Funding	(0.021)	
<b>Total Education &amp; Youth one off</b>	<u>(0.021)</u>	
<b>Total 2015/2016 Budget</b>	<u><u>2.679</u></u>	<u><u>2.541</u></u>
<b>Total Prior Year Decisions Recurring</b>	<u><u>8.845</u></u>	<u><u>4.267</u></u>
<b>One Off Investment costs</b>		
People and Resources	(0.050)	
Social Services	(0.200)	
Community & Enterprise	(0.050)	
Governance	(0.430)	
<b>Total One off Investment costs</b>	<u>(0.730)</u>	
<b>Total Investment Pressures dropping out</b>	<u><u>(0.730)</u></u>	

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**Budget 2016/17  
Council Fund - Revenue****Inflation**

	<b>£m</b>	<b>£m</b>
<b>Pay</b>		
Pay Inflation from April 2016 (1%) Non Schools	0.936	<b>0.936</b>
<b>Price</b>		
Targeted General Price Inflation	0.573	<b>0.573</b>
<b>Schools</b>		
Schools Inflation	0.869	<b>0.869</b>
<b>Income</b>		
Income - (3%)	0.185	<b>0.185</b>
<b>Total Inflation</b>		<b><u><u>2.193</u></u></b>

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**Budget 2016/17**  
**Council Fund - Revenue**

**Pressures & Investments**

	2016/17 £m	2017/18 £m	2018/19 £m
<b><u>Social Services</u></b>			
Extra Care	0.000	0.250	0.500
<b>Total Social Services</b>	<b>0.000</b>	<b>0.250</b>	<b>0.500</b>
<b><u>Governance</u></b>			
Microsoft Enterprise Agreement	0.350	0.350	0.350
I Trent Software Maintenance	0.035	0.035	0.035
<b>Total Governance</b>	<b>0.385</b>	<b>0.385</b>	<b>0.385</b>
<b><u>Community &amp; Enterprise</u></b>			
Impact of Council Tax increase on CTRS	0.000	0.000	0.337
<b>Total Community &amp; Enterprise</b>	<b>0.000</b>	<b>0.000</b>	<b>0.337</b>
<b><u>Central &amp; Corporate</u></b>			
Auto Enrolment	0.000	0.625	0.625
Single Status	0.000	0.000	0.157
<b>Total Central &amp; Corporate</b>	<b>0.000</b>	<b>0.625</b>	<b>0.782</b>
<b>New Emerging Pressures *</b>	<b>1.579</b>	<b>0</b>	<b>0</b>
<b>Total Pressures and Investments</b>	<b>1.964</b>	<b>1.260</b>	<b>2.004</b>

\* Section 1.24 in budget report

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<b>Business Planning Efficiencies for Corporate Services</b>
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No	Specific 2016/17 Proposals	Type	16-17 PROPOSALS £m	16-17 MANDATORY duties	Categorisation of financial robustness	Explanation
<b>PEOPLE &amp; RESOURCES - FINANCE</b>						
1	Implementation of Collaborative Planning Software to finance to improve and automate our processes thus enabling workforce efficiencies	Service Efficiency	0.135	M	2	The introduction of this new software will enable budget monitoring to be undertaken more efficiently, with the minimum of manual intervention which will lead to workforce efficiencies and reductions.
2	Phased roll out of new finance model.	Structural Review		M		The implementation of a new Finance Model and a review of structure and business processes to achieve efficiencies and to operate as a modern Finance function.
<b>Totals</b>			<b>0.135</b>			
<b>PEOPLE &amp; RESOURCES - HUMAN RESOURCES &amp; ORGANISATIONAL DESIGN</b>						
1	Effective people management skills to increase levels of Managers' self sufficiency	Service Efficiency	0.115	NM	2	Demand management exercise to upskill managers to become increasingly self sufficient in managing their people /teams.
2	Redefine clear roles and responsibilities for Human Resources (HR) / managers	Service Efficiency		NM		Complements the exercise above in that the roles and responsibilities of HR and managers need to be redefined for the future and will reduce reliance on HR resources.
3	Review of Human Resources & Organisational Design operating model and job roles	Structural Review		NM		To review the operating model and structure for Human Resources & Organisational Design to better meet the organisation's future requirements.
4	Further roll-out (50%) of Flexible & Agile Working arrangements (phase 1)	Service Efficiency		NM		Promotion and implementation of flexible and agile to reduce accommodation space.
5	Implementation of iTrent Self Service to Schools	Service Efficiency		NM		Reduction of reliance on corporate and Schools administrative processes thereby creating efficiencies in workforce.
<b>Totals</b>			<b>0.115</b>			
<b>GOVERNANCE - LEGAL</b>						
1	Increase income	Income Generation	0.015	M	1	To increase the fees recharged to developers etc entering legal agreements with the council in line with other councils in Wales (the income earned as a % of the service budget is approximately half that of other councils).
<b>Totals</b>			<b>0.015</b>			
<b>GOVERNANCE - ICT</b>						
1	Reduction in management, staff and non pay costs	Structural Review	0.300	NM	1	To combine services thereby reducing management costs and by reducing software licensing in line with reducing workforce.
2 (new)	Education ICT	Service Efficiency	0.220	NM	1	Remodelling of service to create efficiencies.
<b>Totals</b>			<b>0.520</b>			
<b>CHIEF EXECUTIVE'S</b>						
1 (new)	Voluntary Sector Grants review	Service Efficiency	0.070	NM	2	Revised core funding agreements with voluntary sector partners to reflect new models of delivery and revised funding arrangements.
<b>Totals</b>			<b>0.070</b>			
<b>TOTAL CORPORATE SERVICES</b>			<b>0.855</b>			

<b>CORPORATE SERVICES</b>	
<b>Total value of Business Plan proposals</b>	<b>0.855</b>

<b>CATEGORISATION KEY</b>	<b>Total 16-17</b>
1 = Fully Costed and Safe - Very detailed costings/modelling undertaken and the accuracy can be relied upon not to change significantly	0.535
2= Reasonably costed will need refining - The level of detail behind the costings/modelling is reasonable although further work will be required to ensure robustness and to deal with any changes in circumstances e.g. market conditions.	0.320
3= High level costing requires detailed further modelling - The figures are included at a high level with uncertainty around some of the significant detail e.g. further work required to develop a specific proposal such as rationalising services/buildings.	0.000

**Business Planning Efficiencies for Community and Enterprise Portfolio**

No	Specific 2016/17 Proposals	Type	16-17 PROPOSALS £m	16-17 MANDATORY duties	Categorisation of financial robustness	Explanation
<b>CUSTOMER SERVICES</b>						
1	Close the personal answering service for main switchboard telephone calls	Structural Review	0.065	NM	1	Full year effect of 15/16 saving
2	Review of Fees and Charges for Registration Service	Income Generation	0.010	NM	1	Increased fees for weddings
3	Telephone Contact Centre savings	Structural Review	0.100	NM	2	Range of options under consideration to deliver savings - part year effect
4	Customer Services Team Restructure	Service Efficiency	0.014	NM	1	Reduction in team costs
5	Review of Flintshire Connects budgets	Service Efficiency	0.040	NM	1	Reduction in office costs
<b>Total Customer Services</b>			<b>0.229</b>			
<b>HOUSING REGENERATION</b>						
6	Energy Efficiency Framework	Income Generation	0.050	NM	2	Charge partners for use of council's framework
7	Housing Regen and Strategy further Capitalisation	Service Efficiency	0.030	NM	1	Capitalisation of staff costs
8	SHARP Framework	Income Generation	0.020	NM	1	Charge partners for use of council's framework
<b>Total Housing Strategy</b>			<b>0.100</b>			
<b>COMMUNITY SUPPORT SERVICES</b>						
9	Welfare Rights Team Review	Structural Review	0.048	NM	2	Consider model of service delivery to safeguard provision of welfare rights service and deliver savings
10	Community Support Services - Management Restructure	Structural Review	0.012	NM	1	Full year effect of reduction of 1 Manager post
11	Community Centres	Income Generation	0.048	NM	1	Charge Housing Revenue Account for usage
12	Community Based Accommodation Support Service	Structural Review	0.062	NM	1	Reduction of 3 posts over 2 years through voluntary redundancy and vacancy management. Service supplemented by volunteers providing good neighbour service
13	Increased use of leased properties to reduce B&B expenditure	service efficiency	0.060	M This proposal does not compromise our mandatory duty to support people who are homeless	1	Maximising Housing Benefit income through property leasing. Reduce B&B expenditure
14	Response Service for Older People	service efficiency	0.020	NM	2	Alternative model for out of hours response service
15	Bed & Breakfast Charging	Income Generation	0.005	M This proposal does not compromise our mandatory duty to support people who are homeless	1	Year 2 of charging to partially offset service cost
16	Supporting People restructure	Structural Review	0.015	NM	1	Reduce staff costs to reflect grant reductions
17	Galw Gofal Contract Fees	Service Efficiency	0.030	NM	1	Reduction in fee paid to Galw Gofal
18	Review of Financial Assessments	Structural Review	-	-	2	Joined up financial assessment service to deliver improved customer experience. 1 post saved
<b>Total Community Support Services</b>			<b>0.300</b>			
<b>REVENUES AND BENEFITS</b>						
19	e billing / administration / budget costs	Service Efficiency	0.039	M This proposal does not compromise our mandatory duty to administer or collect	2	Saving in admin costs as more people receive e bills together with proposals to reduce revenue budget in specific budget lines
20	Staff restructure to match staff costs to Department of Works and Pensions grant for benefits	Structural Review	0.100	M This proposal does not compromise our mandatory duty to administer Housing	1	Reduction in posts could pose a financial risk through potential subsidy loss. There is also a further financial risk due to an ever decreasing subsidy administration grant from DWP
21	In-house bailiff service	Income Generation	0.060	NM	1	Income target already agreed by Cabinet - summer '14. Second year of trading should produce additional surplus as stated, especially with potential joint working with other local authorities
22	200% charge on long term empty properties	Income Generation	-	-	2	Utilisation of new powers for empty and second homes
23	Cessation of NDR charitable reliefs	Service Efficiency	-	-	2	Reduction in scale of support provided with enhanced hardship fund
24	Fraud expenditure budget reduction	Service Efficiency	0.045	NM	1	Service outsourced. Budget saving identified
25	Council Tax Reduction Scheme	Service Efficiency	0.329	M This proposal does not compromise our mandatory duty to provide people with support for a Council Tax	2	Match budget to recent spend. Liable to in year risk
<b>Total Revenues and Benefits</b>			<b>0.573</b>			
<b>BUSINESS DEVELOPMENT</b>						
26	Supplies and Services reduction	Service Efficiency	0.003	NM	1	Admin cost saving
27	Business Development Restructure	Structural Review	0.020	NM	1	Service restructure
<b>Total Business Development</b>			<b>0.023</b>			
<b>SUPPORT SERVICES</b>						
28	Reduction in Training Admin	Structural Review	0.010	NM	1	Service restructure
<b>Total Support Services</b>			<b>0.010</b>			
<b>REGENERATION (PLACES)</b>						
29	Reduction in scale of service	Structural Review	0.045	NM	2	Service restructure
30	Reduce community environmental projects	Voluntary Sector	0.009	NM	1	Reduced budget for third sector commissioning of environmental projects
31	Earned Income recharge of management costs to Regeneration Projects	Service Efficiency	0.012	NM	1	Capitalise or recharge staff costs to project income
<b>Total Regeneration (Places)</b>			<b>0.066</b>			
<b>SENIOR MANAGEMENT RESTRUCTURE</b>						
32	Senior Management Restructure	Structural Review	0.055	NM	1	Full year effect of management restructure
33	20% Recharge of Wardens Service to HRA	Service Efficiency	0.153	NM	2	Charging for Housing Management Service carried out by support staff
<b>Total Senior Management Restructure</b>			<b>0.208</b>			
<b>TOTAL COMMUNITY AND ENTERPRISE</b>			<b>1.509</b>			

<b>Community &amp; Enterprise</b>	
<b>Total value of Business Plan proposals</b>	<b>1.509</b>

<b>CATEGORISATION KEY</b>	<b>Total 16-17</b>
1 = Fully Costed and Safe - Very detailed costings/modelling undertaken and the accuracy can be relied upon not to change significantly	0.725
2 = Reasonably costed will need refining - The level of detail behind the costings/modelling is reasonable although further work will be required to ensure robustness and to deal with any changes in circumstances e.g. market conditions	0.784
3 = High level costing requires detailed further modelling - The figures are included at a high level with uncertainty around some of the significant detail e.g. further work required to develop a specific proposal such as rationalising services/building	0.000
	<b>1.509</b>

**Business Planning Efficiencies for Education and Youth Portfolio**

No	Specific 2016/17 Proposals	Type	16-17 PROPOSALS £m	16-17 MANDATORY duties	Categorisation of financial robustness	Explanation
1	School Modernisation	Structural Review	0.187	M Reduction in over-capacity in school's network will be achieved through this programme	3	Estimate savings released from the schools budget due to school reorganisation. These are subject to Cabinet and ministerial approval.
2	Primary & Early Years Education - Maximising Deployment of Early Entitlement Foundation Phase Grant (including new model for provision of 10% teacher time in funded early years settings).	Service Efficiency	0.017	NM	1	Maximising Deployment of Early Entitlement Foundation Phase Grant (including new model for provision of 10% teacher time in funded early years settings).
3	Further remodelling of Music Service to move to "full cost recovery"	Service Efficiency	0.030	NM	2	Further remodelling of Music Service to move to "full cost recovery" through cost reduction and increased income generation. The Music Service is currently reviewing whether an Alternative Delivery Model would offer a sustainable alternative. Increased tuition fees and/or introduction of a charge for transport will provoke a negative response from music service users.
4	Reduction in administrative IT support.	Structural Review	0.040	NM	1	Further reduction and restruture of Education & Youth 'back office functions'.
5	Additional Learning Needs	Service Efficiency	0.020	M Children & young people with additional learning needs will continue to be supported either by school action or school action plus	1	Residual savings following withdrawal of the additional learning needs service in 2014/15.
6	English as an additional language/Gypsy Traveller Support - Current vacancy removal of post and remodelling of service delivery.	Service Efficiency	0.045	M Service remodelling to ensure ongoing mandatory compliance	1	Reduction of service with greater emphasis on training schools to deliver appropriate level of support to children with additional language needs. With continuing levels of migration this may place pressure on specific schools.
7	Speech & Language Service - Reduction in Service provision	Service Efficiency	0.007	M Children & young people with additional learning needs will continue to be supported either by school action or school action plus	1	Reduction in service provision.
9	Educational Psychology Service - Current vacancy removal of post	Service Efficiency	0.070	M Children & young people with additional learning needs will continue to be supported either by school action or school action plus	1	Reduction in service provision may place pressure on psychology team and result in waiting lists.
10	Inclusion Welfare Service - current vacancies - reduction in full time equivalent posts to 8.5 officers.	Service Efficiency	0.040	M Service remodelling to ensure ongoing mandatory compliance	1	Reduction in service provision may impact of the level of service that can be provided to schools.
11	Looked After Children Support	Service Efficiency	0.030	M Service remodelling to ensure ongoing mandatory compliance	1	Reduction in staffing with functions associated with role being picked up by another team.
14	Youth Services - Youth Justice Service Staffing Reduction	Structural Review	0.025	M Service remodelling does not compromise ongoing mandatory compliance	1	Reduced staffing levels.
15	Youth Services - reduction in caretaking	Structural Review	0.035	NM	1	Transfer of responsibilities from Youth to Facilities Services. Reduction in service.
16	Youth Service Planned Management Reductions & Vacancy Management	Structural Review	0.037	M Service remodelling does not compromise ongoing mandatory compliance	1	Reduced staffing levels in line with Youth Service Strategy.
18	SMIT reduction in staffing.	Structural Review	0.047	NM	1	Service restructure - continued reduction in 'back- office functions.
19	Education & Youth Portfolio Service Review Reduction in Management Structure	Structural Review	0.080	NM	1	Service restructure - reducing the number of senior managers.
<b>TOTAL</b>			<b>0.710</b>			

<b>EDUCATION AND YOUTH</b>	
<b>Total value of Business Plan proposals</b>	<b>0.710</b>
<b>CATEGORISATION KEY</b>	
<b>Total 16-17</b>	
1 = Fully Costed and Safe - Very detailed costings/modelling undertaken and the accuracy can be relied upon not to change significantly	0.493
2= Reasonably costed will need refining - The level of detail behind the costings/modelling is reasonable although further work will be required to ensure robustness and to deal with any changes in circumstances e.g. market conditions.	0.030
3= High level costing requires detailed further modelling - The figures are included at a high level with uncertainty around some of the significant detail e.g. further work required to develop a specific proposal such as rationalising services/buildings.	0.187
	<b>0.710</b>

**Business Planning Efficiencies for Planning and Environment Portfolio**

No	Specific 2016/17 Proposals	Type	16-17 PROPOSALS £m	16-17 MANDATORY duties	Categorisation of financial robustness	Explanation	
1	Staffing - management restructure	Structural Review	0.105	M The mandatory duties to provide a planning service and regulatory services such as animal and pest control are not compromised by these efficiencies	1	Reduction of Team Leader posts within the Trading Standards and Building Control functions. These savings would ideally be delivered through collaboration although further options are being explored to deliver this saving. In 17/18 this relates to a reduction in Service Managers.	
2	Staffing - service review	Structural Review	0.127		1	Over two years, the Service Review will result in a reduction of 4 posts below team leader level. Releasing vacancies and fulfilling early voluntary retirement requests in addition to bringing forward Alternative Delivery Model work within the drainage and energy areas will assist in achieving the savings proposal.	
4 & 5	Self financing for Public Protection Services - Animal & Pest Control - Licensing Charging	Income Generation	0.050		2	Incremental fee increases over the three year period will ensure that the animal and pest control function can at least operate on a self-financing basis. Proposed fees reflect favourably against neighbouring authorities and the private sector.	
8	Increase in planning fees (15% WG increase) and applications	Income Generation	0.101		2	Planning (Wales) Bill introduced a 15% increase from 01/10/15 on all planning application fees.	
9	Increase in number of planning applications	Income Generation			2	Estimated increase in the volume of planning applications as the economy continues to recover.	
10	Additional elements of charging for Planning Work	Income Generation			2	Planning (Wales) Bill proposes to increase the types of activities for which a planning fee can be charged as described within the proposal. Estimate of saving is based on an analysis of volume of work currently undertaken in these areas.	
11	Pre planning advice	Structural Review / Service Efficiency	0.010		2	Planning (Wales) Bill will introduce the provision of mandatory pre-application services, clarify what the Local Planning Authority has to provide and set standard service charges across Wales.	
12	Reduce cost of newspaper advertising	Structural Review / Service Efficiency			1	Continue to review the requirement to place public notices within local newspapers for all of the Planning and Environment portfolio. Secondary legislation related to Planning (Wales) Bill suggests that this may become less onerous.	
13	Savings from Development Management process improvements	Service Efficiency	0.020		1	Continue to undertake a full LEAN review of the Development Management process drawing on best practice and increased use of electronic delivery of the service.	
<b>TOTAL</b>			<b>0.413</b>				
<b>CUMULATIVE</b>							

**PLANNING & ENVIRONMENT**

Total value of Business Plan proposals	0.413
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**CATEGORISATION KEY**

	Count Number	Total 16-17
1 = Fully Costed and Safe - Very detailed costings/modelling undertaken and the accuracy can be relied upon not to change significantly	4	0.262
2= Reasonably costed will need refining - The level of detail behind the costings/modelling is reasonable although further work will be required to ensure robustness and to deal with any changes in circumstances e.g. market conditions.	5	0.151
3= High level costing requires detailed further modelling - The figures are included at a high level with uncertainty around some of the significant detail e.g. further work required to develop a specific proposal such as rationalising services/buildings.	0	0.000
<b>Total</b>		<b>0.413</b>

**Business Plan Efficiencies for Streetscene and Transportation Portfolio**

No	Specific 2016/17 Proposals	Type	16-17 PROPOSALS £m	16-17 MANDATORY duties	Categorisation of financial robustness	Explanation
<b>CHANGES TO STAFFING AND CONTRACTUAL ARRANGEMENTS WITHIN THE EXISTING MODEL</b>						
4	Introduce an integrated transport unit	Structural Review	0.200	NM	2	County wide transport service includes - Public, Social care and Schools transport
5	Shared Specialist Plant with neighbouring authority	Collaboration	0.050	NM	2	The opportunity exists to share specialist plant, e.g. streetlighting equipment, traffic management equipment with another Council.
6	Staffing Structure following Organisation Design review	Structural Review	0.150	NM	1	The recent Organisation Design review has brought together a number of services under the new Portfolio and the staff will be reviewed in order to reduce numbers and provide more generic roles operating to the new business plan.
8	Introduce non-generic streetscene roles (3 year plan)	Structural Review	0.115	NM	2	The Council introduced a generic Streetscene operative role in 2012. The new role requires the staff to work across the sections of Streetscene services in return for an increased salary. Whilst there are clear benefits in this arrangement, having operated this for a period of two years, it has become clear that a generic workforce across the overall service is unnecessary. The intention therefore is to replace any service leavers or new starters with non-generic (service specific) roles on lower salaries.
<b>Totals</b>			<b>0.515</b>			
<b>REVIEW OF STANDARDS AND OPERATING ARRANGEMENTS WITHIN WASTE</b>						
1	Develop energy production at landfill	Income Generation	0.100	NM	3	The landfill sites at Brookhill and Standard currently produce energy through gas turbines. The gas supply is reducing resulting in capacity in the connection to the mains grid. With investment, it is intended to increase the level of energy produced by introducing photo voltaic panels to both landfill sites. The potential to extend the energy source to Alltami depot opens the opportunity for utilising the energy to power the fleet (1.7M INVESTMENT REQUIRED)
2	Rationalise Household Recycling Centres provision and provide the service through a performance based contract which would include bulky collections.	Service Reduction	0.250	NM	3	The Council currently operates 7 Household Recycling Centre sites. The sites are operated utilising in-house labour. The proposal is: (1) to reduce the number of sites in the County to three, suggested locations to be decided based on optimising resident access to the sites (2) contract the management of the sites based on an incentivised contract which will improve the recycling levels at the sites. The opportunity to tender the work to a Social Enterprise will be considered.
3	Removing the waste containers delivery service <b>2015/16 Proposal Only</b>	Service Reduction	0.000	NM	2	Residents requiring new waste containers such as recycling boxes, bags, food caddies etc. currently call the Contact Centre and bags are delivered to their address. The proposal will be for residents to collect any new containers they require from: 1. Household Recycling Centre sites 2. Flintshire Connect Centres 3. Housing Offices Deliveries to assisted collection properties would continue and delivery of wheelie bins will also remain unchanged.
5	Introduce a charge for second garden waste bin <b>2015/16 Proposal Only</b>	Income Generation	0.000	NM	1	The Council currently provides a free collection of garden waste and whilst the new policy limits the number of bins provided to two, there are many properties within the County with significantly more than this number. The proposal is to provide a single bin collection free of charge for a second and subsequent bin.
6	Introduce 7 day working and no Christmas collection catch up	Service Efficiency	0.050	NM	2	Currently we collect waste over a six day period and the proposal is to extend that to seven days. The saving will be generated by the reduced number of vehicles within Waste.
7	Diagnostic proposals waste	Service Review	0.050	NM	1	Following the template of the Fleet Review we have engaged with a diagnostic partner to carry out a review of all operations within the waste service and make recommendation to improve efficiencies. Implementation of these changes will be on a no win/no fee basis.
8	Suspend garden waste collections November to February	Service Reduction	0.025	NM	3	During this period there is a limited amount of garden waste material made. The proposal is to cease all garden waste material collections whilst maintaining the black bin collections.
12	Remove the existing policy of returning for missed bin waste collections	Service Reduction	0.075	NM	3	The Council will not in future return to collect any containers not collected in the original visit to that area.
14	Review of Bulky Waste Collection	Service Reduction	0.025	NM	2	Charging all residents / Contracting the service to Social Enterprise
15	Construction of a waste handling and biomass production facility at Greenfield	Service Reduction	0.100	NM	2	Waste handling facility will reduce fleet mileage and fuel costs. Biomass facility will feed Council boilers, invest to save proposal (£1m)
10	Car Parking Charges	Income Generation	0.200	NM	2	Revise the Councils Car Parking Strategy introducing parking charges to all town centre car parks in Flintshire
<b>Totals</b>			<b>0.875</b>			
<b>REVIEW OF STANDARDS AND OPERATING ARRANGEMENTS WITHIN TRANSPORT AND TRANSPORTATION</b>						
2	Replace Demand Responsive Transport with non-subsidised service	Service Reduction	0.250	NM	2	Deeside Shuttle - Demand for the service has grown to the extent that a regular and potentially non-subsidised defined route can replace the existing arrangements. The savings would be generated by a reduction in back office staff costs. Full year effect
5	Charge maintenance of Bus Shelters to Community & Town Councils	Income Generation	0.025	NM	1	Discussions will commence with Town & Community Councils in respect of taking maintenance responsibility for shelters.
6	Review subsidised bus routes	Service Reduction	0.075	NM	3	Remove current subsidised bus services and work with Town & Community Councils and the local community to deliver local community based travel arrangements
<b>Totals</b>			<b>0.350</b>			
<b>OTHER</b>						
1	Remove the subsidy for the Community Rail Officer	Service Reduction	0.010	NM	1	FCC currently provides £10k towards the funding of the post
4	Externalise the Stores Managed Service	Service Reduction	0.050	NM	2	Align stores delivery to external provision or utilise Housing tender
<b>Totals</b>			<b>0.060</b>			
<b>REVIEW OF STANDARDS AND OPERATING ARRANGEMENTS WITHIN STREETSCENE</b>						
1	Externalise grass cutting service	Service Efficiency	0.025	NM	1	The majority of area grass cutting is carried out by the in-house service with agency assistance to support existing staff. The operation requires a large amount of specialised plant and equipment which is not owned by the Council and hired at great expense. The intention is to incrementally tender the full function over a three year period - market testing against internal provision at each stage.

2	7 day operations across all service areas	Structural Review	0.025	NM	1	Following the Streetscene Review in 2012, Streetscene now operates a six day working week. The intention is to extend operations to Sunday which will require all staff to work some weekends during the year. The savings would be driven by reduction of vehicle plant and fleet.
3	Extend night working	Structural Review	0.025	NM	1	Streetscene introduced an evening shift in 2012. A small number of people work through the night (365 days a year) dealing with emergencies and small amounts of planned works. The proposal will see this level of work increase with operations such as gully emptying, town centre sweeping etc. carried out during the evening and overnight period. The saving will be generated by reduction of plant and equipment.
4	Reduced Street Lighting Resource	Service Reduction	0.013	NM	2	The current standard of three days for the repair of every light, demands that a fixed level of resources is required by the service. By significantly reducing the standard for the majority of lights in the County whilst retaining it for those lights adjacent to vulnerable residents, e.g. sheltered homes - the number of staff required to operate the service and the number of vehicles can be reduced.
5	Remove second grass cut for highways verges	Service Reduction	0.020	NM	2	The current standard is to cut all highway verges twice a year. The proposal will be to reduce the standard to just once, retaining all cuts on visibility splay at the current frequency.
6	Final phase of public convenience review	Service Reduction	0.020	NM	2	Implement final phase of the service review as previously approved by Cabinet.
7	Pass Maintenance Liability and Cleanliness of Cemeteries to Town & Community Councils	Service Reduction	0.050	NM	3	The proposal is to pass all liability for the long term maintenance of cemeteries to Community Councils
8	Reducing Cleansing standard in the towns and enforce zero tolerance for littering <b>2015/16 Proposal Only</b>	Service Reduction	0.000	NM	1	The Council currently has both CPE and Environmental Enforcement teams. Whilst numbers will reduce as part of the service review - this proposal would reduce or remove the service completely.
9	Diagnostic proposals Streetscene	Structural Review	0.050	NM	1	Following the Fleet Review the proposal is to engage a diagnostic partner to carry out a review of the operations within the highway service and make recommendation to improve efficiencies. Implementation of these changes will be on a no win / no fee basis
11	Probation Service to take on Litter Collections in some areas	Service Reduction	0.100	M	2	Currently all cleaning operations are carried out by full time Council employees. The proposal is to engage the Probationary Service to provide a resource on the Community payback Scheme to carry out this service on an SLA
13	Part night lighting in all residential areas	Service Reduction	0.030	NM	2	Introduce part night lighting in all residential areas. Subject to risk assessment lights will be turned off between 12pm and 5am.
<b>Totals</b>			<b>0.358</b>			

<b>STREETSCENE AND TRANSPORTATION TOTAL</b>	<b>2.158</b>
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<b>STREETSCENE &amp; TRANSPORTATION</b>	
<b>Total value of Business Plan proposals</b>	<b>2.158</b>

\* £1.7 m Capital Investment required for PV panels at Brookhill and Standard

CATEGORISATION KEY	Count Number	Total 16-17
1 = Fully Costed and Safe - Very detailed costings/modelling undertaken and the accuracy can be relied upon not to change significantly	10	0.360
2= Reasonably costed will need refining - The level of detail behind the costings/modelling is reasonable although further work will be required to ensure robustness and to deal with any changes in circumstances e.g. market conditions.	17	1.223
3= High level costing requires detailed further modelling - The figures are included at a high level with uncertainty around some of the significant detail e.g. further work required to develop a specific proposal such as rationalising services/building	13	0.575

2.158



**Business Planning Efficiencies for Organisational Change Portfolio**

<b>ORGANISATIONAL CHANGE 1</b>						
No	Specific 2016/17 Proposals	Type	16-17 PROPOSALS £m	16-17 MANDATORY duties	Categorisation of financial robustness	Explanation
14	Deeside Library Relocations	Service Reduction	0.030	M Statutory duty for a comprehensive and efficient library service; proposals do not compromise this requirement.	1	Re-locate Mancot, Hawarden and Queensferry Libraries to Deeside Leisure Centre.
15	Community Asset Transfers	Service Reduction	0.544		2	Community Asset Transfer of: i) Connahs Quay Pool, ii) Holywell Leisure Centres iii) potentially rural libraries iv) building transfer of Holywell and Broughton libraries.
<b>Totals</b>			<b>0.574</b>			
<b>Ciwyd Theatr Cymru</b>						
1	Proposal to reduce shows and increase productivity	Service Reduction/ Service Efficiency/ Income Generation	0.150	NM	1	Reduction in shows from 8 to 6, combined with a reduction in staffing costs, and increases in income from productions and related activities.
<b>Total Organisational Change 1</b>			<b>0.724</b>			
<b>ORGANISATIONAL CHANGE 2</b>						
1	<b>Catering</b> Work process changes and office efficiency	Service Efficiency	0.005	NM	1	Review of the office processes and paperwork flows drawing on best practice and increased use of electronic delivery.
2	Staff structural change	Structural Review	0.019	NM	1	Review of the catering service resources delivered to High Schools, Primary Schools, Residential Homes and Day Care Centres and the way the current service is delivered.
3	Stock management and control	Service Efficiency	0.077	NM	1	Stock control management system has now been purchased and its use is being embedded within the service to deliver increased efficiencies.
4	Increase meal numbers (income)	Service Efficiency	0.080	NM	1	Current performance and take up in schools is currently 39% with a recent study indicating that 43% should be a target that is achievable. This requires improved marketing and promotion of the catering service to increase take up.
5	Debt recovery (income)	Service Efficiency	0.010	NM	1	Manage more effectively the levels of debt relating to school meals and take appropriate action to tackle debt levels. This deliverable is now linked to a new debt process.
<b>Totals</b>			<b>0.191</b>			
7	Increased Growth	Income Generation	0.003	NM	1	Grow cleaning service into other areas such as leisure services, schools, care facilities.
8	Different model of delivery (mobile)	Income Generation	0.004	NM	1	Deliver a peripatetic cleaning service to areas of the County and in addition increase external market contracts.
<b>Totals</b>			<b>0.007</b>			
9	<b>Security/Caretaking</b> Staff reductions	Service Reduction	0.056	NM	1	Review undertaken for County Hall and close down at County Hall in place augmented by improved CCTV coverage around the campus.
10	Lock Down and Shift Pattern modifications	Service Efficiency	0.020	NM	1	Review position at Flint and modify service. Continue to review Mold service.
<b>Totals</b>			<b>0.076</b>			
11	<b>CCTV</b> Staff reductions	Service Reduction	0.040	NM	1	Rationalise service following a review to create efficiencies.
12	Income increase	Income Generation	0.010	NM	1	A number of strands relating to recovery of fee income from system users based upon a more responsive and peripatetic provision, and reductions in system maintenance costs.
<b>Totals</b>			<b>0.050</b>			
13	<b>Other</b> Campus Management	Structural Review	0.030	NM	1	Rationalise service following a service review to create efficiencies.
14	Maintenance	Service Efficiency	0.005	NM	1	Review budgets and reduce the level of maintenance to the main campus facility.
<b>Totals</b>			<b>0.035</b>			
16	Valuations & Estates Lease renewals	Income Generation	0.023	NM	1	Increases in rental income on new leases, renewal of leases, agricultural rents and grazing licences.
18	Office management	Service Efficiency	0.002	NM	1	Undertake a LEAN review of the office processes and paperwork flows drawing on best practice and increased use of electronic delivery of the service.
19	Estate management cost recovery (dilapidations etc)	Income Generation	0.005	NM	1	Increased and more effective recovery from tenants of dilapidation costs following tenant vacation of our property assets.
<b>Totals</b>			<b>0.030</b>			
20	<b>Property Maintenance &amp; Design</b> Reduce maintenance budget	Structural Review	0.150	NM	1	Review of the council's existing corporate maintenance budgets in conjunction with a reducing property estate, through rationalisation. The Councils performance in relation to its maintenance delivery is already upper quartile.
22	Office running costs	Service Efficiency	0.004	NM	1	Undertake a review of the office running costs, reducing accommodation space and service cost.
23	Office management	Service Efficiency	0.005	NM	1	Undertake a review of office processes and paperwork flows drawing on best practice.
<b>Totals</b>			<b>0.159</b>			
<b>Total Organisational Change 2</b>			<b>0.548</b>			

<b>TOTAL ORGANISATIONAL CHANGE</b>	<b>1.272</b>
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<b>ORGANISATIONAL CHANGE</b>	
Total value of Business Plan proposals	1.272

<b>CATEGORISATION KEY</b>	<b>Total 16-17</b>
1 = Fully Costed and Safe - Very detailed costings/modelling undertaken and the accuracy can be relied upon not to change significantly	0.728
2= Reasonably costed will need refining - The level of detail behind the costings/modelling is reasonable although further work will be required to ensure robustness and to deal with any changes in circumstances e.g. market conditions.	0.544
3= High level costing requires detailed further modelling - The figures are included at a high level with uncertainty around some of the significant detail e.g. further work required to develop a specific proposal such as rationalising services/buildings.	0.000

**Business Plan Efficiencies for Social Care Portfolio**

No	Specific 2016/17 Proposals	Type	16-17 PROPOSALS £m	16-17 MANDATORY duties	Categorisation of financial robustness	Explanation
<b>Older People</b>						
<b>Learning Disabilities</b>						
5	Rationalise the number of sites where In-House short term care is provided	Service Reduction	0.140	M The duty to provide short term care is not compromised by this full year effect of the change introduced last year.	1	Rationalisation of short term care sites has been achieved and will bring about a full year benefit in 2016/17.
6	Consult on the potential to commission provision currently provided by In House Supported Living houses	Service Efficiency	0.065	M Duty to provide services for people with Learning Disabilities in appropriate settings; this model should achieve this.	2	Criteria developed to identify Supported Living projects that may have the potential to be effectively delivered by the independent sector. There are 6 projects that are being considered. The number of projects that can be appropriately recommissioned from the independent sector, precise savings and timings will be clear once consultation has taken place alongside market capacity analysis. Indicative savings are subject to consultation.
7	Develop a 'progression' model for Supported Living	Service Efficiency	0.250	M Duty to provide services for people with Learning Development in appropriate settings; these models should achieve this.	2	Adopt the progression model which supports people to live as independent lives as possible. This includes: <ul style="list-style-type: none"> <li>maximising technology as part of the support plan (telecare)</li> <li>providing 'just enough support' in ways that build autonomy and personal resilience</li> <li>maximise the use of Direct Payments</li> <li>ensure progression is a key feature of 'transitional' arrangements for young people who have eligible needs</li> </ul> This approach should improve peoples' quality of life as well as appropriately reducing support packages and the cost of support
14	Develop alternative approaches to in house day services and work opportunity schemes	Revenue Efficiencies	0.200		3	There is a variance in the care and support arrangements for clients across the day care and work opportunity settings. Some schemes support people with more moderate needs and have greater potential to move to alternative delivery models. Some of the services support people with very complex needs and the speed at which alternative models can be delivered varies along with the timescales and pace for releasing efficiencies.
<b>Children's Services</b>						
16	Service redesign in children's services	Structural Review	0.032	M Duty to provide Childrens and Safeguarding Services will not be be compromised by this redesign.	1	Review and realign structure within Childrens/ Safeguarding services.
22	Review commissioning with Action for Children	Voluntary Sector	0.035	NM	2	Bring together contracts with Action for Children with a view to negotiating a reduction of 10% for the Arosia and Family Project contracts and ending the funding for the summer playscheme and the therapeutic service
25	Managing the Childcare market	Voluntary Sector	0.016	M Duty to provide services for childcare sufficiency in appropriate settings in line with CSSIW regulations; this model should achieve this.	2	Renegotiate the level of service commissioned from early years child care providers/organisations (3rd sector) with support provided to those parents with greatest/critical need
26	Align expenditure to critical statutory provision in Children's Services	Service Reduction	0.100	M Critical areas of provision will be protected within this proposal	1	Review and realignment of structure within Children's / Safeguarding service area.

<b>Totals</b>	<b>0.838</b>
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<b>SOCIAL CARE</b>	
<b>Total value of Business Plan proposals</b>	<b>0.838</b>

<b>CATEGORISATION KEY</b>	<b>Total 16-17</b>
1 = Fully Costed and Safe - Very detailed costings/modelling undertaken and the accuracy can be relied upon not to change significantly	0.272
2= Reasonably costed will need refining - The level of detail behind the costings/modelling is reasonable although further work will be required to ensure robustness and to deal with any changes in circumstances e.g. market conditions.	0.366
3= High level costing requires detailed further modelling - The figures are included at a high level with uncertainty around some of the significant detail e.g. further work required to develop a specific proposal such as rationalising services/buildings.	0.200

**Business Planning Efficiencies for Central and Corporate Finance**

No	Specific 2016/17 Proposals	Type	16-17 PROPOSALS £m	16-17 MANDATORY duties	16-17 RISK status of ACCEPTABILITY and DELIVERABILITY	Categorisation of financial robustness	Explanation
1 (new)	<b>Central and Corporate Finance</b> Reduction in provision for increase in pension contributions in 15/16 and 16/17	Service Efficiency	1.360	NM		1	Due to reducing workforce numbers the costs of the employers pension contributions is projected to underspend as part of the 15/16 revenue monitoring (£0.900m) and this position also impacts on the pressure for 16/17 (£0.460m)
2 (new)	Removal of Historical NSI Provision	Service Efficiency	0.350	NM		1	Removal of Historical NSI Provision. Underspend from 14/15 £0.240m and current estimate underspend of £0.110m in the current year due to continuing low inflation rates impacting on demand.
3 (new)	Welsh Independent Living Fund efficiency	Service Efficiency	0.300	NM		1	Grant will continue to be funded for a further year as a specific grant. This was a pressure within Social Services but has been moved in year to Central & Corporate due to it not being required in 15/16.
4 (new)	Additional Income Generating Activities	Income Generation	0.500	NM		3	Target for additional income generation to be achieved in 2016/17. Further work is being undertaken to identify potential sources.
<b>TOTALS</b>			<b>2.510</b>				
<b>TOTAL CENTRAL AND CORPORATE FINANCE</b>			<b>2.510</b>				

<b>CENTRAL AND CORPORATE FINANCE</b>	2.510
<b>Total value of Business Plan proposals</b>	2.510

CATEGORISATION KEY	Total 16-17
1 = Fully Costed and Safe - Very detailed costings/modelling undertaken and the accuracy can be relied upon not to change significantly	2.010
2= Reasonably costed will need refining - The level of detail behind the costings/modelling is reasonable although further work will be required to ensure robustness and to deal with any changes in circumstances e.g. market conditions.	0.000
3= High level costing requires detailed further modelling - The figures are included at a high level with uncertainty around some of the significant detail e.g. further work required to develop a specific proposal such as rationalising services/buildings.	0.500

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**Budget 2016/17**  
**Council Fund - Revenue**

**Specific Grants**

		Budget 2015-16 £	Budget 2016-17 £	Variance to 2015-16 £	Confirmed (or Estimated)
<b>Education &amp; Youth</b> Non Delegated	Language and Play	58,376	0	(58,376)	C
	Teaching Induction Training	30,000	0	(30,000)	C
	Community Focussed Schools	97,877	0	(97,877)	C
	Community Learning	2,034	2,034	0	E
	Funding for Youth Work Training in Wales	22,000	0	(22,000)	C
	Youth Engagement Programme	50,000	0	(50,000)	C
	Youth Crime Prevention Fund	221,882	188,600	(33,282)	E
	YOT / Youth Justice Board	241,006	200,000	(41,006)	E
	School Uniform Financial Assistance Scheme	30,487	29,000	(1,487)	E
	Welsh Baccalureate	61,740	0	(61,740)	E
	Welsh Network of Healthy School Schemes	87,320	114,000	26,680	E
	Youth Service Revenue Grant	126,756	126,218	(538)	E
	Free School Milk	179,773	269,403	89,630	E
	Families First	1,735,285	1,532,678	(202,607)	E
	Pupil Deprivation Grant	2,525,510	3,171,700	646,190	E
Education Improvement Grant for Schools	6,446,505	6,124,180	(322,325)	E	
		<b>11,916,551</b>	<b>11,757,812</b>	<b>(158,739)</b>	
Delegated	DCELLS (Post 16 provision in schools)	5,787,094	5,004,686	(782,408)	
		<b>5,787,094</b>	<b>5,004,686</b>	<b>(782,408)</b>	
<b>Social Services</b>	Social Care Workforce Development Programme	367,000	367,000	0	E
	Well Being Activity	10,000	10,000	0	E
	Flying Start	2,954,700	2,954,700	0	C
	Out of School Childcare	0	97,877	97,877	C
		<b>3,331,700</b>	<b>3,429,577</b>	<b>97,877</b>	
<b>Streetscene &amp; Transportation</b>	Concessionary Travel	2,058,000	2,058,000	0	E
	Local Transport Services	399,062	399,062	0	E
	Sustainable Waste - now Environment & Sustainable Development	3,006,226	2,943,729	(62,497)	C
		<b>5,463,288</b>	<b>5,400,791</b>	<b>(62,497)</b>	
<b>Planning &amp; Environment</b>	Safer Communities Fund	221,881	221,881	0	C
	Substance Misuse	638,139	638,139	0	E
	Crime Reduction and Anti Social Behaviour	31,566	31,566	0	E
	Domestic Abuse Co-ordinator Funding	37,500	37,500	0	E
		<b>929,086</b>	<b>929,086</b>	<b>0</b>	
<b>Community &amp; Enterprise</b>	Supporting People	5,809,818	5,809,818	0	E
	Communities First	708,911	676,315	(32,596)	E
		<b>6,518,729</b>	<b>6,486,133</b>	<b>(32,596)</b>	
<b>Organisational Change</b>	Free Swimming	164,807	164,807	0	E
	National Exercise Referral	125,000	125,000	0	E
	NE Wales Play Forum	319,010	319,010	0	E
	Active Young People	541,638	541,638	0	E
		<b>1,150,455</b>	<b>1,150,455</b>	<b>0</b>	
<b>Chief Executive's</b>	LSB Development Support Grant	50,000	0	(50,000)	C
		<b>50,000</b>	<b>0</b>	<b>(50,000)</b>	
<b>Total</b>		<b>35,146,903</b>	<b>34,158,540</b>	<b>(988,363)</b>	

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