

**To All Members of the Council
& Co-opted Members of Lifelong
Learning O & S Committee**

Your Ref/Eich Cyf

Our Ref/Ein Cyf

Date/Dyddiad

Ask for/Gofynner am

Direct Dial/Rhif Union

Fax/Ffacs

RJR/JK

16th January 2013

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Dear Councillor

Re: Budget 2013/14

Please find enclosed the Cabinet reports which contain the detail for presentation and discussion on the following round of Scrutiny meetings on the 2013/14 Budget.

Members are asked to bring this pack of documents with them to all Scrutiny meetings they are attending.

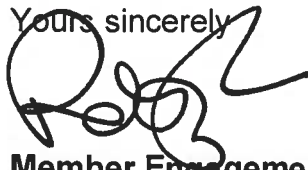
The Schedule of meetings runs from 22nd to 31st January as follows:

22nd January at 2.00 pm	Housing	CF & HRA Rev & Cap.
24th January at 10.00 am	Environment	CF - Environment
25th January at 10.00 am	Lifelong Learning	CF – Lifelong Learning
28th January at 10.00 am	Social & Health Care	CF – Community Services
28th January at 2.00 pm	Corporate Resources	CF – Corporate Services
31 st January at 10.00 am	Corporate Resources	CF – Capital Programme
		CF – Review / further information from preceding meetings

In addition the pack includes a briefing note on the final LG Settlement and a note setting out supporting information on budget terminology used in the reports.

A powerpoint presentation will be made on the day which will incorporate the detail contained in the reports, together with an update on the overall budget position

Yours sincerely



Member Engagement Manager

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 18 DECEMBER 2012**

REPORT BY: **HEAD OF FINANCE, CHIEF EXECUTIVE, DIRECTOR
OF ENVIRONMENT**

SUBJECT: **CAPITAL STRATEGY AND CAPITAL PROGRAMME
2013/14 TO 2022/23**

1.00 PURPOSE OF REPORT

- 1.01 The purpose of the report is to –
- (a) Propose the allocation of funding to the core capital programme in 2013/14 (with indicative allocations for future years).
 - (b) Set out the work that has been undertaken (and continues), to develop a Council Fund Capital Strategy and 10 year Capital Programme for the Council.

2.00 BACKGROUND

- 2.01 The Council plans on a 4 year capital programme timescale. In June 2011, the Council formally adopted its Medium Term Financial Strategy (MTFS). Two of the key objectives of the MTFS are to ensure that revenue and capital resources are used to achieve the Council's priorities and objectives, and to fully integrate revenue and capital expenditure plans. The co-planning of revenue and capital budgets is essential, for example, to meet the repayment of unsupported borrowing to support the core capital programme for investment in infrastructure.
- 2.02 One of the Council's 10 priorities is to 'Be a modern, efficient and cost effective public organisation through our four resource strategies - MTFS, People, Asset Management and ICT'. The Asset Management Strategy is key to determining which assets the Council wishes to hold in its portfolio for future service delivery. From this, plans can be drawn up as to where capital investment is required (in new or upgraded facilities), and where there are opportunities to release resources through asset disposals. Asset decisions are based on priority to support services, asset condition and deterioration, asset growth to suit service purpose and health and safety and other requirements.

2.03 This report covers the Council Fund only. The Housing Revenue Account (HRA) capital programme will be considered alongside the HRA revenue budget proposals for 2013/14. This will be reported to Cabinet and Scrutiny in January 2013 prior to the final proposals being recommended by Cabinet to County Council in February 2013.

2.04 The Local Government Final Settlement is due to be announced on 11th December 2012, and an update will be provided on the detail at the meeting.

3.00 CAPITAL STRATEGY

3.01 The aim of the Capital Strategy is to have in place a 10 year affordable, prioritised programme of all capital needs.

3.02 Due to the impacts on public expenditure constraint of National UK Government economy management decisions, the Council's core capital programme is constrained and is coming under severe pressure to maintain our assets portfolio from schools to roads. Welsh Government specific funding sources for capital investment in particular services are limited and are being directed to a small number of policy priorities.

3.03 This position means that the Council will:-

- Need to be more strategic and decisive over the asset portfolio it needs to retain to support service priorities and the portfolio it can release.
- Need to be more creative about partnering, e.g. Flintshire Connects, Community Asset Transfer.
- Be more creative over capital access options and models (e.g. directing its own investment, asset backed vehicles.)
- Rely on more unsupported borrowing to fund priorities, e.g. schools.

3.04 The challenges and opportunities were explored at a recent Member Workshop which was well attended. The work programmes of Cabinet and Overview and Scrutiny, and the MTFs, will need to reflect these actions.

3.05 A significant impact will be the School Modernisation Programme as part of the Capital Strategy and Capital programme 2012/13 to 2021/22. Funding support of 50% towards estimated costs of £64.2m will come from Welsh Government through 21st Century Schools finance for the preferred options in the three schools area reviews.

- 3.06 There will be significant pressure on the block allocations for core services in the 'static' programme. Careful decision making on allocations across and within these blocks is required to best match resources to priorities. Council officials, both client and contractor, must ensure that value for money is obtained in service design specifications and contract tendering.

4.00 LOCAL GOVERNMENT BORROWING INITIATIVE (LGBI)

- 4.01 A further £4m is to be made available across Wales by Welsh Government in 2013/14 under the Local Government Borrowing Initiative (on top of the £4m provided in 2012/13) to support the borrowing charges (revenue) of highways capital works. This equates to £2.7m for Flintshire in both 2013/14 and 2014/15. Proposals on how this funding will be utilised in 2012/13 are included in a separate report on this agenda.
- 4.02 In addition to the above, Welsh Government has recently announced an extension of the LGBI to include schools; this will bring forward funding (between 2014/15 and 2016/17) of £200m across Wales, in relation to their share of the 21st Century Schools Programme.

5.00 CAPITAL FUNDING AVAILABLE

- 5.01 Capital funding comes from a variety of sources –

General -

- Unhypothecated Supported Borrowing (USB)
- General Capital Grant (GCG)
- Capital Receipts

Specific -

- Specific Capital Grants
- Unsupported (Prudential) Borrowing
- Capital Expenditure financed from Revenue Account (CERA)

- 5.01.1 USB and GCG are as advised by Welsh Government through the Finance Settlement, and are available for the Council to determine their use. Specific Grants are also received from Welsh Government (and other funding bodies), but allocated for specific purposes as defined by the relevant funding body.
- 5.01.2 Capital Receipts are the proceeds from asset disposals - land and buildings, and again are available for the Council to determine their use.
- 5.01.3 Unsupported (Prudential) Borrowing is that borrowing which, as the name implies, is not supported by Welsh Government - borrowing costs (principal and interest) have to be met by the Council from the revenue budget.

- 5.01.4 Capital Expenditure financed from Revenue Account (CERA) is capital expenditure paid for by way of a direct charge to the service revenue account.
- 5.02 The total projected funding available over the 10 year period 2013/14 to 2022/23, by way of the above general sources, amounts to £108.516m as detailed in Appendix 1 (attached); the proposed Core Programme Scheme expenditure (as referred to in Section 6.01 below) amounts to £91.961m (as included in Appendix 1), which produces an available total of £16.555m to fund other programme schemes over the period.
- 5.02.1 In view of the projected shortfall in 2014/15 (£0.140m), which follows a 2013/14 available funding figure of just £0.250m, it may be prudent to consider a consolidated two year programme (2013/14/15). On this basis a cumulative total of £0.110m would be available to provide some headroom for variances.
- 5.03 It can be seen that, taking account of the funding information provided in 5.02 above, there is currently no general funding available to support new capital investment outside of the core programme schemes (see Section 6.00 below) during the consolidated two year programme period (2013/14/15), without the introduction of new and creative ways of delivering capital investment (as described in Section 3.00).

6.00 CORE CAPITAL SCHEMES

- 6.01 'Core' schemes are those that require capital works on an on-going basis in order to ensure life and use enhancement; such schemes include Energy Efficiency Measures, Highways Infrastructure Works, and School Building Works. The proposed Core schemes (as outlined at the Capital Workshop on 22nd November 2012), are detailed in Appendix 2 as attached.
- 6.02 The Appendix 2 information reflects a reviewed position (from that incorporated in the Capital Strategy and Capital Programme 2012/13 to 2021/22) in terms of the listed values, which takes account of the revised available funding projections as referred to in Section 5.02 above. Also included within the Appendix 2 totals are those new schemes approved in 2012/13, funded from the headroom available at the time; these schemes drop out of the analysis in entirety, by the end of 2015/16. The impact on the available funding resources of financing these schemes is recorded in Appendix 1.
- 6.03 A request was received at the Capital Workshop (22nd November 2012) for a reconciliation between the Appendix 2 figures and the indicative Core Programme Schemes list that formed part of the aforementioned Capital Strategy and Capital Programme 2012/13 to 2021/22; this reconciliation is included as Appendix 3. The adjusted

figures reflect those changes referred to in Section 6.02 above, and as noted in the key to Appendix 3; in most cases the 'trimmed' 2013/14 programme scheme budgets are reinstated across the subsequent 9 years (2014/15 to 2022/23).

7.00 CONSULTATION

7.01 A meeting of the Corporate Resources Overview and Scrutiny Committee has been scheduled for 31st January 2013, at which the capital programme proposals as set out in this paper will be considered. The scrutiny meeting will be open to all Members of the Council. Final capital proposals for 2013/14 will be considered by Cabinet in February prior to a recommendation to Council on 1st March 2013.

7.02 A public consultation survey which covers aspects of the Council's Revenue and Capital Budget Strategies is due to open between 21st December 2012 and 20th January 2013.

8.00 RECOMMENDATIONS

8.01 Members are recommended to:

- (a) Note the work which has been undertaken (and continues) to develop a Council Fund Capital Strategy and 10 year capital programme.
- (b) Approve the allocation of funding to the core capital programme in 2013/14 as shown in Appendix 2 (and note the indicative allocations for future years), subject to input by Overview & Scrutiny.

9.00 FINANCIAL IMPLICATIONS

9.01 As set out in the report.

10.00 ANTI-POVERTY IMPACT

10.01 Individual Capital Programme Schemes may have specific anti-poverty impacts.

11.00 ENVIRONMENTAL IMPACT

11.01 Individual Capital Programme Schemes may have specific environmental impacts.

12.00 EQUALITIES IMPACT

12.01 Individual Capital Programme Schemes may have specific equality impacts.

13.00 PERSONNEL IMPLICATIONS

13.01 None directly as a result of this report.

14.00 CONSULTATION REQUIRED

14.01 All Members and Overview & Scrutiny.

15.00 CONSULTATION UNDERTAKEN

15.01 An initial workshop on capital was held on 22nd November 2012 for all Members. A public consultation survey is due to open between 21st December 2012 and 20th January 2013.

16.00 APPENDICES

16.01 Appendix 1 – Available Funding

Appendix 2 – Core Capital Programme Schemes

Appendix 3 - Core Programme Schemes (Reconciliation to 2012/13 Budget Figures)

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

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ESTIMATED AVAILABLE FUNDING 2013/14 - 2022/23

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Financing (Excluding Specific Grants)											
Unhypothecated Supported Borrowing (USB)	*	4.270	4.270	4.270	4.270	4.270	4.270	4.270	4.270	4.270	42.700
General Capital Grant (GCG)	#	2.598	2.598	2.598	2.598	2.598	2.598	2.598	2.598	2.598	25.980
Capital Receipts		3.910	3.475	5.537	4.555	1.320	4.344	4.200	4.200	4.095	39.836
Total		10.778	10.343	12.405	11.423	8.188	11.212	11.068	11.068	10.963	108.516
Expenditure											
Core Capital Programme Schemes - Appendix 1		10.528	10.483	8.895	8.865	8.865	8.865	8.865	8.865	8.865	91.961
Total		10.528	10.483	8.895	8.865	8.865	8.865	8.865	8.865	8.865	91.961
AVAILABLE/(SHORTFALL)		0.250	(0.140)	3.510	2.558	(0.677)	2.347	2.203	2.203	2.098	16.555
Cumulative		0.250	0.110	3.620	6.178	5.501	7.848	10.051	12.254	14.457	16.555

* WG funding assumptions - USB	
2013/14	per Provisional Settlement
2014/15	ref (2013/14) Provisional Settlement
2015/16	→ as 2014/15
2012/13 =	USB £5.141m

# WG funding assumptions - GCG	
2013/14	per Provisional Settlement
2014/15	ref (2013/14) Provisional Settlement
2015/16	→ as 2014/15
2012/13 =	GCG £2.603m

CORE CAPITAL PROGRAMME SCHEMES

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
	Estimate	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
SUMMARY											
COUNCIL FUND											
COMMUNITY SERVICES	2.750	2.675	2.675	2.675	2.675	2.675	2.675	2.675	2.675	2.675	26.825
ENVIRONMENT	3.280	3.370	3.020	3.020	3.020	3.020	3.020	3.020	3.020	3.020	30.810
LIFELONG LEARNING	2.760	2.720	2.720	2.720	2.720	2.720	2.720	2.720	2.720	2.720	27.240
CORPORATE SERVICES	1.738	1.718	0.480	0.450	0.450	0.450	0.450	0.450	0.450	0.450	7.086
TOTAL - COUNCIL FUND	10.528	10.483	8.895	8.865	8.865	8.865	8.865	8.865	8.865	8.865	91.961

FINANCING											
Unhypothesized Supported Borrowing (USB)	4.270	4.270	4.270	4.270	4.270	4.270	4.270	4.270	4.270	4.270	42.700
General Capital Grant	2.598	2.598	2.598	2.598	2.598	2.598	2.598	2.598	2.598	2.598	25.980
Capital Receipts	3.910	3.475	5.537	4.555	1.320	4.344	4.200	4.200	4.200	4.095	39.836
Specific Capital Grants	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Unsupported (Prudential) Borrowing	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(Unallocated - Headroom) / Under Financing	(0.250)	0.140	(3.510)	(2.558)	0.677	(2.347)	(2.203)	(2.203)	(2.203)	(2.098)	(16.555)
TOTAL - FINANCING	10.528	10.483	8.895	8.865	8.865	8.865	8.865	8.865	8.865	8.865	91.961

CORE CAPITAL PROGRAMME SCHEMES

		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
		Estimate	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
COMMUNITY SERVICES												
Grants												
Various	Private Sector Renewal and Improvements	2.500	2.450	2.450	2.450	2.450	2.450	2.450	2.450	2.450	2.450	24.550
Shotton	Housing Renewal Area Support	0.250	0.225	0.225	0.225	0.225	0.225	0.225	0.225	0.225	0.225	2.275
TOTAL - COMMUNITY SERVICES		2.750	2.675	2.675	2.675	2.675	2.675	2.675	2.675	2.675	2.675	26.825

ENVIRONMENT												
Administrative Buildings												
Various	Disability Discrimination Act (DDA) Works	0.180	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175	1.755
Various	Energy Efficiency Measures	0.275	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	2.975
Various	Renewable Energy Installations	0.350	0.350									0.700
Various	Asbestos Removal	0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
Various	Legionella Monitoring	0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
Various	Upgrading Fire and Intruder Alarms	0.060	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.555
Various	Fire Safety Order Works	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	1.000
Various	Corporate Property Maintenance	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	5.000
Engineering												
Various	Land Drainage Works - General	0.080	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.755
Various	Coast Protection Works - General	0.120	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	1.110
Highways												
Various	Highways Infrastructure	0.600	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	7.350
Various	Bridge Assessments and Replacement	0.160	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	1.510
Various	Street Lighting Replacement	0.200	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	1.820
Various	Structural Maintenance	0.200	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	1.820
Regeneration												
Flint	Townscape Heritage Initiative	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	1.150
Various	Town Centre Regeneration	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	1.900
TOTAL - ENVIRONMENT		3.280	3.370	3.020	3.020	3.020	3.020	3.020	3.020	3.020	3.020	30.810

CORE CAPITAL PROGRAMME SCHEMES

		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
		Estimate	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
LIFELONG LEARNING												
Education - General												
Various	School Buildings Repairs and Maintenance	2.350	2.325	2.325	2.325	2.325	2.325	2.325	2.325	2.325	2.325	23.275
Various	Disability Discrimination Act - Individual Pupils	0.275	0.270	0.270	0.270	0.270	0.270	0.270	0.270	0.270	0.270	2.705
Various	Furniture and Equipment	0.060	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.555
Primary Schools												
Various	Learning Environments (Foundation Phase)	0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
TOTAL - LIFELONG LEARNING		2.760	2.720	2.720	2.720	2.720	2.720	2.720	2.720	2.720	2.720	27.240
CORPORATE SERVICES												
ICT and Customer Services												
General	ICT Infrastructure	0.200	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	2.450
General	Agile Working Investment	0.150	0.100									0.250
General	EDRMS Implementation	0.125	0.105	0.030								0.260
General	ICT Infrastructure	0.210	0.210									0.420
General	Microsoft Enterprise Agreement	0.353	0.353									0.706
Flintshire Connects												
Various	Flintshire Connects	0.500	0.500									1.000
Corporate Finance												
General	Minor Capital Works - Health & Safety	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.750
General	Corporate Provision - Feasibility Studies	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	1.000
Clwyd Theatr Cymru												
General	Provision	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.250
TOTAL - CORPORATE SERVICES		1.738	1.718	0.480	0.450	0.450	0.450	0.450	0.450	0.450	0.450	7.086
TOTAL - COUNCIL FUND		10.528	10.483	8.895	8.865	8.865	8.865	8.865	8.865	8.865	8.865	91.961

**CORE PROGRAMME SCHEMES 2013/14 - SUMMARY
(RECONCILIATION TO 2012/13 BUDGET FIGURES)**

	2013/14 Indicative *	2013/14 Estimate	Variance
	£m	£m	£m
SUMMARY			
COUNCIL FUND			
COMMUNITY SERVICES	2.950	2.750	(0.200)
ENVIRONMENT	3.155	3.280	0.125
LIFELONG LEARNING	2.965	2.760	(0.205)
CORPORATE SERVICES	0.930	1.738	0.808
TOTAL - COUNCIL FUND	10.000	10.528	0.528

FINANCING			
Unhypothecated Supported Borrowing (USB)	4.254	4.270	0.016
General Capital Grant	2.605	2.598	(0.007)
Capital Receipts	5.360	3.910	(1.450)
Specific Capital Grants	0.000	0.000	0.000
Unsupported (Prudential) Borrowing	0.000	0.000	0.000
TOTAL - FINANCING	12.219	10.778	(1.441)

AVAILABLE HEADROOM	(2.219)	(0.250)	1.969
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Analysis (from above)	£m
Increased Net Budget	0.528
Reduced Funding	1.441
Reduced Headroom	1.969

CORE PROGRAMME SCHEMES 2013/14 - 2022/23 (RECONCILIATION TO 2012/13 BUDGET FIGURES)

		KEY (See below)	BUDGET	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	TOTAL £m
COMMUNITY SERVICES														
Grants														
Various	Private Sector Renewal and Improvements	1	12/13	2.700	2.425	2.425	2.425	2.425	2.425	2.425	2.425	2.425	2.425	24.525
			13/14	2.500	2.450	2.450	2.450	2.450	2.450	2.450	2.450	2.450	2.450	24.550
			Variance	(0.200)	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025
Shotton	Housing Renewal Area Support		12/13	0.250	0.225	0.225	0.225	0.225	0.225	0.225	0.225	0.225	0.225	2.275
			13/14	0.250	0.225	0.225	0.225	0.225	0.225	0.225	0.225	0.225	0.225	2.275
			Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL - COMMUNITY SERVICES			12/13	2.950	2.650	2.650	2.650	2.650	2.650	2.650	2.650	2.650	2.650	26.800
			13/14	2.750	2.675	2.675	2.675	2.675	2.675	2.675	2.675	2.675	2.675	26.825
			Variance	(0.200)	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025

CORE PROGRAMME SCHEMES 2013/14 - 2022/23 (RECONCILIATION TO 2012/13 BUDGET FIGURES)

		KEY	BUDGET	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
		(See below)		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
ENVIRONMENT														
Administrative Buildings														
Various	Disability Discrimination Act (DDA) Works		12/13	0.180	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175	1.755
			13/14	0.180	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175	1.755
			Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Various	Energy Efficiency Measures	1	12/13	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	3.000
			13/14	0.275	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	2.975
			Variance	(0.025)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(0.025)
Various	Renewable Energy Installations	2	12/13											0.000
			13/14	0.350	0.350									0.700
			Variance	0.350	0.350	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.700
Various	Asbestos Removal		12/13	0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
			13/14	0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
			Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Various	Legionella Monitoring		12/13	0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
			13/14	0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
			Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Various	Upgrading Fire and Intruder Alarms		12/13	0.060	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.555
			13/14	0.060	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.555
			Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Various	Fire Safety Order Works		12/13	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	1.000
			13/14	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	1.000
			Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Various	Corporate Property Maintenance		12/13	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	5.000
			13/14	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	5.000
			Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Engineering														
Various	Land Drainage Works - General		12/13	0.080	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.755
			13/14	0.080	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.755
			Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Various	Coast Protection Works - General		12/13	0.120	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	1.110
			13/14	0.120	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	1.110
			Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

CORE PROGRAMME SCHEMES 2013/14 - 2022/23 (RECONCILIATION TO 2012/13 BUDGET FIGURES)

		KEY (See below)	BUDGET	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	TOTAL £m	
Highways															
Various	Highways Infrastructure	1	12/13	0.800	0.725	0.725	0.725	0.725	0.725	0.725	0.725	0.725	0.725	7.325	
			13/14	0.600	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	7.350
			Variance	(0.200)	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025
Various	Bridge Assessments and Replacement		12/13	0.160	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	1.510
			13/14	0.160	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	1.510
			Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Various	Street Lighting Replacement		12/13	0.200	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	1.820
			13/14	0.200	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	1.820
			Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Various	Structural Maintenance		12/13	0.200	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	1.820
			13/14	0.200	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	1.820
			Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Regeneration															
Flint	Townscape Heritage Initiative		12/13	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	1.150
			13/14	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	1.150
			Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Various	Town Centre Regeneration		12/13	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	1.900
			13/14	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	1.900
			Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL - ENVIRONMENT			12/13	3.155	2.995	2.995	2.995	2.995	2.995	2.995	2.995	2.995	2.995	30.110	
			13/14	3.280	3.370	3.020	3.020	3.020	3.020	3.020	3.020	3.020	3.020	30.810	
			Variance	0.125	0.375	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.700

CORE PROGRAMME SCHEMES 2013/14 - 2022/23 (RECONCILIATION TO 2012/13 BUDGET FIGURES)

		KEY	BUDGET	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
		(See below)		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
LIFELONG LEARNING														
Education - General														
Various	School Buildings Repairs and Maintenance	1	12/13	2.555	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300	23.255
			13/14	2.350	2.325	2.325	2.325	2.325	2.325	2.325	2.325	2.325	2.325	23.275
			Variance	(0.205)	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.020
Various	Disability Discrimination Act - Individual Pupils		12/13	0.275	0.270	0.270	0.270	0.270	0.270	0.270	0.270	0.270	0.270	2.705
			13/14	0.275	0.270	0.270	0.270	0.270	0.270	0.270	0.270	0.270	0.270	2.705
			Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Various	Furniture and Equipment		12/13	0.060	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.555
			13/14	0.060	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.555
			Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Primary Schools														
Various	Learning Environments (Foundation Phase)		12/13	0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
			13/14	0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.705
			Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL - LIFELONG LEARNING			12/13	2.965	2.695	2.695	2.695	2.695	2.695	2.695	2.695	2.695	2.695	27.220
			13/14	2.760	2.720	2.720	2.720	2.720	2.720	2.720	2.720	2.720	2.720	27.240
			Variance	(0.205)	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.020

CORE PROGRAMME SCHEMES 2013/14 - 2022/23 (RECONCILIATION TO 2012/13 BUDGET FIGURES)

		KEY	BUDGET	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
		(See below)		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
CORPORATE SERVICES														
ICT and Customer Services														
General	ICT Infrastructure	1	12/13	0.255	0.230	0.230	0.230	0.230	0.230	0.230	0.230	0.230	0.230	2.325
			13/14	0.200	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	2.450
			Variance	(0.055)	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.125
General	Agile Working Investment	2	12/13											0.000
			13/14	0.150	0.100									0.250
			Variance	0.150	0.100	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.250
General	EDRMS Implementation	2	12/13											0.000
			13/14	0.125	0.105	0.030								0.260
			Variance	0.125	0.105	0.030	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.260
General	ICT Infrastructure	2	12/13											0.000
			13/14	0.210	0.210									0.420
			Variance	0.210	0.210	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.420
General	Microsoft Enterprise Agreement	2	12/13											0.000
			13/14	0.353	0.353									0.706
			Variance	0.353	0.353	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.706
Flintshire Connects														
Various	Flintshire Connects	2	12/13											0.000
			13/14	0.500	0.500									1.000
			Variance	0.500	0.500	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000
Corporate Finance														
General	Minor Capital Works - Health & Safety		12/13	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.750
			13/14	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.750
			Variance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
General	Corporate Provision - Feasibility Studies	1	12/13	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	2.000
			13/14	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	1.000
			Variance	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(1.000)
General	Housing Stock Options (Subject to Housing Review) *	3	12/13	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375	3.750
			13/14											
			Variance	(0.375)	(0.375)	(0.375)	(0.375)	(0.375)	(0.375)	(0.375)	(0.375)	(0.375)	(0.375)	(3.750)

CORE PROGRAMME SCHEMES 2013/14 - 2022/23 (RECONCILIATION TO 2012/13 BUDGET FIGURES)

	KEY (See below)	BUDGET	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	TOTAL £m
CORPORATE SERVICES (Cont.)													
Ciwyd Theatr Cymru													
General	Provision		12/13	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.250
			13/14	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.250
		Variance		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL - CORPORATE SERVICES			12/13	0.930	0.905	0.905	0.905	0.905	0.905	0.905	0.905	0.905	9.075
			13/14	1.738	1.718	0.480	0.450	0.450	0.450	0.450	0.450	0.450	7.086
		Variance		0.808	0.813	(0.425)	(0.455)	(0.455)	(0.455)	(0.455)	(0.455)	(0.455)	(1.989)
TOTAL - COUNCIL FUND			12/13	10.000	9.245	9.245	9.245	9.245	9.245	9.245	9.245	9.245	93.205
			13/14	10.528	10.483	8.895	8.865	8.865	8.865	8.865	8.865	8.865	91.961
		Variance		0.528	1.238	(0.350)	(0.380)	(0.380)	(0.380)	(0.380)	(0.380)	(0.380)	(1.244)

VARIANCE

Figures in brackets indicate a reduced budget, unbracketed an increased/additional budget.

- KEY 1 2013/14 budget reduced in line with reduced funding projections but re-profiled over future years.
 2 New to 2013/14 onwards as a result of schemes approved in 2012/13 (From Headroom).
 3 No longer needed as a result of the Housing Ballot.

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 18 DECEMBER 2012**

REPORT BY: **HEAD OF FINANCE, CHIEF EXECUTIVE**

SUBJECT: **COUNCIL FUND REVENUE BUDGET 2013/14**

1.00 PURPOSE OF REPORT

1.01 To present the first draft of the revenue budget for the Council Fund for 2013/14 for initial approval for 1) further work and 2) presentation to Overview and Scrutiny Committees throughout January.

2.00 BACKGROUND

2.01 The Council is required to set an annual Council Fund revenue budget which is balanced. The budget should support the Improvement Priorities of the Council, meet its statutory obligations, be considered against the policy aspirations and directives of Welsh Government, and be on a sustainable footing as part of a Medium Term Financial Strategy and Plan.

2.02 Previous reports were presented to Cabinet with an overview of the internal approach to budget planning and setting with projections of the income available to the Council and the financial challenges it faces (October 2012) and on the Provisional Welsh Local Government Settlement 2013/14 announced by Welsh Government (November 2012). The Final Local Government Settlement 2013/14 will have been announced, following consultation, on 11 December. An update will be provided to the meeting. A copy of the Council's response to the Provisional Settlement consultation is attached at Appendix 1.

2.03 The process for scrutiny and approval of the annual budget is initial approval at this meeting with or without amendment; scrutiny by Overview and Scrutiny Committees throughout January; reconsideration by Cabinet with the benefit of the views and proposals of Overview and Scrutiny Committees on 19 February; recommendation of budget by Cabinet to Council on 1 March.

3.00 CONSIDERATIONS

National Context

3.01 The Cabinet and the Council are acutely aware that given the national fiscal position and the economic policy decisions of the UK Government in response, funding for the public sector has been and will be contracting in real terms for a

number of financial years. For Wales, Welsh Government budget and policy statements, reports of the Wales Audit Office and other national commentators, and the recently published report of the Institute of Fiscal Studies (IFS) commissioned by the Welsh Local Government Association, reinforce this position and the reality. The Autumn Statement of the Chancellor of the Exchequer suggests that this period of fiscal control and austerity will continue for the duration of the decade.

- 3.02 2013/14 will be the final year of the three year period for current Welsh Government national budget projections. Given severe pressures on the Welsh Government to protect and maintain a range of public services, notably in health, it cannot be assumed that local government will be granted a proportion of the devolved budget from 2014/15 comparable to now. The scale of the financial challenge could, therefore, be even greater from 2014/15.

Local Context

- 3.03 The Council has in recent years been setting annual budgets with a growing awareness of the medium and longer term financial challenges of this national context. The Council has succeeded in setting balanced budgets whilst investing in key priorities, meeting growths in service demands and absorbing the cost impacts of inflation. The Council has achieved this through developing internal programmes of change and reform to make efficiencies, through collaboration and cost-sharing work with partners, and through service reviews and changes. The Council has followed the 'social business model' set within the current version of its Medium Term Financial Strategy to give structure and impetus to this approach. As each year passes and the scope for efficiencies reduces, so the corporate challenge becomes greater.

Annual Budget Strategy

- 3.04 The first draft of the budget for 2013/14 aims to:-
- protect 'front-line' public services despite the scale of the fiscal challenge
 - protect school budgets (estimated increase of £2.1m) and social care budgets (estimated increase of £1.9m). At these levels the increases are over and above national expectations
 - protect core services and Council spending where national grant is being reduced e.g. play schemes and bus travel subsidies
 - help prepare communities for the impacts of Welfare Reform
 - invest in change to achieve future efficiencies
 - build in base budget provision for the implementation of an agreed Single Status Agreement in-year
 - absorb all economic and price inflationary costs without reducing service standards
 - set Council Tax and other service charges at affordable rates which are comparable to other like councils

- 3.05 Given that this is a new Council, led by a new Administration, this draft budget should be treated as an interim or 'stepping stone' budget between the previous and the new Councils. Despite the interim nature of this budget there is strong budget alignment (new investment or budget protection/ continuity) with the 10 Improvement Priorities re-adopted by the Council within its Improvement Plan.

The Medium and Longer Term

- 3.06 The new Administration will need to assert its service and policy priorities for the medium-term given reducing resources, and set even more challenging programmes of organisational change and re-design to reduce overhead costs and make the organisation more efficient. The next phase of organisational change, building on the current Flintshire Futures Programme, will need to be more radical and directive.
- 3.07 Equally, longer-term planning and decisions on the base budgets to be allocated to service functions, allocations which can be sustainable within a reviewed Medium Term Financial Plan, will be an early priority for 2013. The Plan should set out a clear strategy for prioritising projected resources against political and improvement objectives whilst reducing spend/maximising efficiencies and income to match this spending profile.
- 3.08 Major forward commitments within the Plan will include an increase in total base pay as a consequence of the implementation of a Single Status Agreement, the repayment costs of prudential or unsupported borrowing for capital, and on-going commitments to protect investment in key priorities such as education and schools following completion of the Schools Funding Formula Review.

4.00 TOTAL REVENUE BUDGET AND BUDGET REQUIREMENT

Proposed Budget

- 4.01 For members' information the following shows how the budget gap has been managed and reduced from a potential peak of £11m in July:
- Budget report in March identified a gap of £2.336m for 2013/14 rising to £5.306m in 2014/15.
 - In June the budget gap was revised to £8m/£9m to take account of anticipated growth and investment.
 - In July the budget gap was revised to £11m to take account of receipt of all potential budget items.
- 4.02 At this point in the budget planning there is a remaining budget gap of £1.480m, made up of £1.063m recurring base budget and £0.417m for one-off and time limited items. The projection for the budget gap over the five year period to 2017/18 is £30.213m. This is before the inclusion of any costs to the revenue budget arising from the Single Status agreement which is currently being negotiated. It is also before the inclusion of the outcome of the final local government settlement.

- 4.03 Work will continue on eliminating the budget gap over the coming weeks. This will be through the identification of further service efficiencies and the implementation of cost control measures. Particular focus will be on reviewing the Flintshire Futures efficiency targets, particularly around procurement, assessing any movement in the in-year position and where possible funding the one-off shortfall from one-off funding.
- 4.04 Details of the current budget proposals are summarised below. Appendices 2 to 9 provide detail behind the figures. Sections 4.05 – 4.21 below set out further details and assumptions made.

Funding		£m
Revenue Support Grant (RSG)		154.085
National Non Domestic Rates (NDR)		45.566
Council Tax		57.866
Budget Requirement		<u>257.517</u>
 <u>Unhypothecated Grants</u>		
Outcome Agreement Grant		1.467
Specific Grants (Estimated)		33.143
Total Funding		<u>292.127</u>
 Expenditure		
Total Budget 2012/13		280.991
Previous Year's Growth / Items Dropping Out	Appendix 2	1.336
Pay & Price Inflation	Appendix 3	2.900
New Responsibilities and Transfers into the Settlement	Appendix 4	13.210
Pressures and Investments - Ongoing	Appendix 5	3.725
Pressures and Investments - One-off and Time Limited	Appendix 6	0.417
Efficiencies	Appendix 7	(4.774)
Less Specific Grants 2012/13	Appendix 8	(37.341)
Plus Specific Grants 2013/14 (Estimated)	Appendix 8	33.143
Total Expenditure		<u>293.607</u>
Shortfall		<u>1.480</u>

Details of The Budget Build Up

Resources

- 4.05 Total resources of £292.127m include funding from Revenue Support Grant (RSG), National Non Domestic Rates (NNDR), Council Tax, Unhypothecated and Specific Grants.
- 4.06 The amount to be raised from Council Tax assumes an increase in the Band D Council Rate of 3.0% (excluding Police and Town/Community Councils' precepts) and a 97.5% collection rate. This equates to an increase of £27.97 on 2012/13 and a Band D Rate of £960.36. A 3.0% increase is based on the Council's recent local taxation policy which is subject to review.

- 4.07 A 3.0% increase in the Band D Rate results in a Budget Requirement of £257.517m.
- 4.08 As the Council's proposed increase in the Band D rate differs from that assumed by the WG when calculating Flintshire's SSA, the budget requirement is £1.738m below SSA.
- 4.09 The amount of Outcome Agreement Grant of £1.467m has been advised by the WG as part of the provisional settlement. As always this will be subject to assessment against agreed performance criteria. For budget purposes it has been assumed that all of the grant will be received.
- 4.10 The specific grants figure of £33.143m is provisional, with the WG yet to advise of the 2013/14 level for a number of grants. Expenditure levels will be managed within the final figures announced by the WG. Appendix 8 details the information received from the WG to date.

Expenditure

Previous Year Growth/Items Dropping Out

- 4.11 Each year indicative amounts for previous years growth and efficiencies are included in the budget for the following two years. In the current budget the net effects of the changes agreed in the 2011/12 and 2012/13 budget total £1.336m and are detailed in Appendix 2. These amounts have been reviewed as part of the 2013/14 budget and where appropriate an adjustment made with the pressure and investment and efficiency appendices (Appendix 5 and 7).

Pay and Price Inflation

- 4.12 Inflation of £2.900m is shown in detail in Appendix 3. The proposals at this stage assume a 1% increase for non-teaching staff for the full year and a 1% increase for teaching staff with effect from 1st September 2013. The outcome of national negotiations is not likely to be known until in the new year.
- 4.13 Price inflation of £0.988m has only been included for some service areas (at a rate of between 1% and 2%). A great deal of detailed work has been undertaken to assess the need for an inflationary increase and wherever possible inflationary increases have been omitted with agreement of the relevant Head of Service.
- 4.14 In addition to the standard level of inflation outlined above, non-standard inflation of £0.766m has been included as detailed in Appendix 3 to reflect those items for which inflation is anticipated to be at higher levels based on national intelligence. This sum will be held centrally until it is demonstrated that there is a requirement for the funding to be released.
- 4.15 Inflation of 3% amounting to £0.133m has been assumed on the yield from existing fees and charges except where a case has been made to increase by a higher amount. This excludes areas whereby the charge applicable for

2013/14 has already been approved e.g. Increases for leisure are being introduced from January 2013.

- 4.16 The above figures 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 WG but this will be cost neutral to the Council.
- 4.17 The provisional settlement included 8 transfers into the settlement and following an assessment of the level of need for Flintshire the amount of funding 'passported' to the service concerned is detailed in appendix 4. The Council Tax Support scheme is the only New Responsibility included in the provisional settlement. Further details regarding this significant new responsibility is expected in the Final Settlement.
- 4.18 Appendix 5 sets out the recurring pressures and investment included in the budget as a result of the considerations to date, subject to further consultation. The pressures and investment, which total £3.725m, have been categorised as follows:
- a) Economic Impact
 - b) Welsh Government Policy/Legislative
 - c) Other Pressures and Investment
 - d) Council Priority/Invest to Save
- 4.19 In addition, the budget process has identified a number of time limited items, totalling £0.417m, which are detailed in Appendix 6. At this stage these items are shown as being funded from the base budget. As work progresses to finalise the budget, all opportunities to identify one off resources to meet these costs will be included in order to release funding from within the base budget.
- 4.20 It is important to note that some of the pressures included in the budget relate to the protection of services and further investment in services. For example Appendix 5d details an additional £1m for investment to support organisational change and amounts in relation to supported borrowing in respect of the capital programme.
- 4.21 Appendix 7 sets out the efficiencies totalling £4.774m, proposed for inclusion in the budget which have been driven through the Flintshire Futures Programme.

5.00 EARMARKED AND UNEARMARKED RESERVES

Base Level of Unearmarked Reserves

- 5.01 The Council's Medium Term Financial Strategy confirms the Councils' commitment to maintaining a base level of reserves of 2% of turnover. The current base level of reserves is £5.564m, and it would require an increase of £0.065m to bring unearmarked reserves up to this level. It is proposed that unearmarked reserves are increased by £0.065m which would bring the base level of reserves to £5.629m.

Contingency Reserve

- 5.02 When the 2012/13 budget was set the Contingency Reserve was estimated to be £0.414m at 31 March 2012. As a result of the net underspend reported in the final outturn for 2011/12 the actual amount in the Contingency Reserve at the year end was £0.992m after taking into account commitments in 2012/13 :
- Use of £0.973m to meet one-off / time limited costs
 - Ringfencing of £1.500m to support Organisational Change costs
- 5.03 The 2012/13 Month 6 Budget Monitoring report which is also on this agenda, shows an estimated balance of (£0.083m) (overdrawn) in the contingency reserve as at 31 March 2013. As stated in paragraph 4.18, the current estimated level of one-off resources held in the contingency reserve is insufficient to fund the estimated one-off/time-limited costs for 2013/14 and will therefore require the use at this stage of base budget in 2013/14 to fund them.
- 5.04 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.

Council Fund Earmarked Reserves

- 5.05 Council Fund Earmarked Reserves include service balances, corporate balances and schools' balances. Detailed information in respect of all of these areas will appear in the final budget report to Executive on 19 February 2013.

6.00 CONSULTATION

- 6.01 Meetings of the Overview and Scrutiny Committees have been scheduled between 22 and 31 January 2013 to consider the budget proposals.
- 6.02 Consultation with business ratepayers, as required under the Local Government Finance Act 1992, is being carried out between 19 December 2012 and 18 January 2013, and any comments will be reported to Executive on 19 February 2013.
- 6.03 Updates on the developing budget strategy have been given to the School Budget Forum and the Flintshire Joint Trade Union throughout the budget process and this will continue into the new year up to the budget being set.
- 6.04 Consultation with the Local Service Board, Town and Community Councils and other Statutory Partners will be undertaken where a shared risk or responsibility is identified within the budget proposals.

7.00 RECOMMENDATIONS

- 7.01 Members are asked to endorse the council fund revenue budget proposals which are in progress, and will be subject to consideration by Overview and Scrutiny in January.

8.00 FINANCIAL IMPLICATIONS

8.01 As set out in the report.

9.00 ANTI POVERTY IMPACT

9.01 Individual growth and efficiency items may have specific anti poverty implications.

10.00 ENVIRONMENTAL IMPACT

10.01 Individual growth and efficiency items may have specific environmental implications.

11.00 EQUALITIES IMPACT

11.01 Individual growth and efficiency items may have specific equality implications. These will be identified through an Equality Impact Assessment.

12.00 PERSONNEL IMPLICATIONS

12.01 Individual growth and efficiency items may have specific personnel implications.

13.00 CONSULTATION REQUIRED

13.01 As set out in the report.

14.00 CONSULTATION UNDERTAKEN

14.01 As set out in the report.

15.00 APPENDICES

15.01 As set out in the report.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

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Ensuring sustainable budgets for the future - Cross sector review?

The economic forecast, as set out in the recent Institute for Fiscal Studies and elsewhere, is for significant financial constraint for the remainder of this decade. We look to the Chancellors Autumn Statement on 5th December for indications of the policy direction at UK level.

Whilst understanding the economic backdrop and having in place a programme to challenge and reduce costs, maximise income and seek out efficiencies across services, continued constraint on budgets which are falling in real terms in each year, does raise real concern as to the longer term sustainability of services. As we face a further considerable period of financial constraint, we would encourage a wider cross sector review of the macro Welsh budget. This would provide a forum for discussion about the future sustainability of the budget including the continued protection for prioritised services, universal services, the resources required to sustain health services in Wales in the face of demographic change and service demands. It is critical that the whole of the public sector in Wales works together for the benefit of Welsh citizens.

Revenue Pressures

Flintshire, along with all Councils, continues to face increasing service demands and the impact of inflation, which for some costs e.g. energy and fuel run well beyond average rates of inflation. The Council recognises that nil pay growth is not sustainable and pay inflation will need to return to council budgets in the near future. The impacts of Welfare Reform and the Council Tax Support Scheme are as yet unknown but are likely to add significant pressures to budgets as Councils see increased demand for welfare services and reductions in the levels of income from council tax and rent.

Whilst we welcome this years significant transfer of specific grants into the un-hypothecated settlement, it is clear that in further years a review is required on its sustainability of ministerial expectations and protections placed upon large service functions and the limiting impacts that this can have in looking at service delivery across the wider spectrum of Council services and the implications of local choice and accountability.

Capital Pressures

As Councils seek to modernise and improve services and make longer term revenue savings, there is a need for unsupported borrowing which brings increased short term pressure to revenue budgets.

As capital funding continues to be imitated there is a need for increasingly creative and nationally led solutions such as borrowing and the collective use of assets which we look forward to working with Welsh Government to develop.

Collaboration

In relation to the creation of the £10m collaboration Fund, the Council would wish to engage in discussion on the purpose of and access to the fund both for 2013/14 and future years and to how this may be used to further the aims of both Welsh Government and Local Government.

Yours sincerely,



Cllr. Aaron Shotton
Leader of the Council

cc Jon Rae, Welsh Local Government Association

Budget 2013/14
Council Fund - Revenue

Previous Years' Growth / Items Dropping Out

	13/14 £m	13/14 £m
<u>APPROVED 2011/12 BUDGET</u>		
<u>Community Services</u>		
Transition to Adulthood	0.910	
Supporting People	0.200	
Provision of Hired Transport	(0.617)	
	<hr/> 0.493	
<u>Environment</u>		
Additional energy cost as a result of new street lighting	0.060	
Land searches Income	(0.020)	
Building Control Income	(0.010)	
Planning Fees Income	(0.010)	
Landfill Tax Adjustment	0.032	
	<hr/> 0.052	
<u>Lifelong Learning</u>		
Development of Broadband	(0.019)	
Transport policy review - rationalisation of non statutory entitlement	(0.072)	
Rationalisation of LEA run Music Service	(0.118)	
	<hr/> (0.209)	
<u>Corporate Services</u>		
Employers' Pension - LGPS	0.362	
Intrusion Detection & Prevention System Options	(0.040)	
Changes to Housing Benefit/Council Tax Benefit Administration Grant	0.062	
ISA Registration	0.030	
	<hr/> 0.414	
		<hr/> 0.750

Budget 2013/14
Council Fund - Revenue

Previous Years' Growth / Items Dropping Out

	13/14 £m	13/14 £m
<u>APPROVED 2012/13 BUDGET</u>		
<u>Community Services</u>		
Increase in Homelessness costs	0.106	
Homecare - Increased complexity of care	0.100	
Transition to Adulthood	0.067	
Occupational Therapy Service	(0.020)	
Safeguarding for Adults	0.046	
Housing Renewal Agency - income	(0.013)	
Transfer of Responsibility for Community Centres from HRA	0.001	
Shortfall in achievement of Provision of Hired Transport efficiency	0.617	
Management Efficiencies Through Collaborative Working	(0.026)	
Team Manager's Post Efficiency	(0.051)	
Mold Extra Care Scheme	0.300	
	<hr/> 1.127	
<u>Environment</u>		
Rental Income Shortfalls and NNDR charges for vacant properties	0.050	
Environmental Waste Management - reduction in grant funding	0.047	
Revenue Lost due to phased disposal of Agricultural Estates	0.026	
Implementation of Highways Asset Management Plan (HAMP)	0.225	
Continuation of 2011/12 Landfill Tax efficiency	0.145	
Food Waste - increased diversion from landfill	0.128	
	<hr/> 0.621	
<u>Lifelong Learning</u>		
Extension of the centrally hosted school Moodle VLE virtual server farm and supporting infrastructure	0.050	
Transport Policy Review - rationalisation of non statutory entitlement	(0.276)	
Music Service - Adjustment to reflect decision in 2011/12 budget	0.118	
Saltney Library - Lease	0.010	
	<hr/> (0.098)	
<u>Corporate Services</u>		
Internal Insurance Fund Recharge	0.150	
Business Systems - Software Maintenance Costs	0.019	
Prudential Borrowing Requirement for Capital Investment	0.112	
Methods of Payment	(0.075)	
Review of Admin and Support (Council-wide)	(0.300)	
Procurement Review	(0.022)	
Changes to Housing Benefit/Council Tax Benefit Administration Grant	0.122	
	<hr/> 0.006	
<u>Council-Wide</u>		
Asset Management - planned closure of externally leased properties	(0.097)	
	<hr/> (0.097)	
		<hr/> 1.559

Budget 2013/14**Council Fund - Revenue****Previous Years' Growth / Items Dropping Out**

	13/14 £m	13/14 £m
One Off and Time-Limited Pressures		
<u>Lifelong Learning</u>		
Review of Kitchens	(0.150)	
Play Areas Additional Allocation for Match Funding	(0.022)	
Flint Leisure Centre - loss of income due to effects of redevelopment	(0.076)	
School Maternity Costs	(0.060)	
Redundancy and early retirement costs from schools	(0.219)	
	<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> (0.527)	
<u>Environment</u>		
Local Transport Services Grant	(0.149)	
	<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> (0.149)	
<u>Corporate Services</u>		
Public Sector Broadband Aggregation	(0.098)	
Base Level of Reserves - 'Top-Up to 2% of Turnover	(0.088)	
Telephone Maintenance	(0.031)	
County Elections - May 2012	(0.080)	
	<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> (0.297)	
		<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> (0.973)
Total Previous years items		<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> 1.336 <hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/>

Budget 2013/14
Council Fund - Revenue

Inflation

	£m	£m
Pay		
Non-Teachers Pay Inflation from April 2013 (1%)	0.914	
Teachers Pay Inflation from September 2013 (1%)	<u>0.365</u>	
		1.279
Price		
Targeted General Price Inflation (1-2%)	<u>0.988</u>	
		0.988
Non Standard		
Energy - Street Lighting (10%)	0.079	
Energy - Other (8%)	0.285	
Fuel (11.2%)	0.187	
Food (5.8%)	0.141	
Non-Domestic Rates (2.3%)	<u>0.074</u>	
		0.766
Income (3% - see also Fees and Charges Efficiencies)		(0.133)
Total Inflation		<u><u>2.900</u></u>

Budget 2013/14

Council Fund - Revenue

New Responsibilities and Transfers Into the Settlement

	£m	£m
<u>New Responsibilities</u>		
Council Tax Support Scheme	8.823	
Sub Total		8.823
<u>Transfers In From Specific Grant Funding</u>		
Blue Badge Scheme Grant	0.018	
Appetite for Life Grant	0.121	
School Counselling Grant	0.224	
School Breakfasts Grant	0.560	
Local Government Borrowing Initiative Grant	0.385	
Post 16-SEN in Mainstream Grant	0.126	
Post 16-SEN Special Schools and Out of County Grant	1.335	
Learning Disabilities Resettlement Grant	1.618	
Sub Total		4.387
Total New Responsibilities and Transfers Into the Settlement		<u>13.210</u>

Budget 2013/14
Council Fund - Revenue

Summary of Pressures and Investments

		2013/14	2014/15	2015/16
		£m	£m	£m
Economic Impact	Appendix 5a	0.347	0.347	0.847
Welsh Government Policy / Legislative	Appendix 5b	0.293	0.203	0.203
Other Pressures and Investments	Appendix 5c	2.214	2.345	3.587
Council Priority / Invest to Save	Appendix 5d	0.871	1.888	2.804
Total		<u>3.725</u>	<u>4.783</u>	<u>7.441</u>

Budget 2013/14
Council Fund - Revenue

Pressures and Investments - Economic Impact

	2013/14	2014/15	2015/16
	£m	£m	£m
<u>Environment</u>			
Rental Income Shortfalls for vacant Properties	0.050	0.050	0.050
Income reduction due to Power Station closures	0.120	0.120	0.120
	<u>0.170</u>	<u>0.170</u>	<u>0.170</u>
<u>Lifelong Learning</u>			
Reduced income - Deeside Ice Rink	0.177	0.177	0.177
	<u>0.177</u>	<u>0.177</u>	<u>0.177</u>
<u>Corporate Services</u>			
Income reduction - Vacation of former Council Offices , Ewloe	-	-	0.500
	<u>-</u>	<u>-</u>	<u>0.500</u>
Total	<u><u>0.347</u></u>	<u><u>0.347</u></u>	<u><u>0.847</u></u>

Budget 2013/14
Council Fund - Revenue

Pressures and Investments - Welsh Government Policy/Legislative

	2013/14 £m	2014/15 £m	2015/16 £m
<u>Community Services</u>			
Mental Health - Additional Social Work support	0.032	0.042	0.042
Learning Disability resettlement grant - impact of transfer into RSG	0.046	0.046	0.046
	<hr/> 0.078	<hr/> 0.088	<hr/> 0.088
<u>Corporate Services</u>			
Welfare Reform - IT system upgrades	0.115	0.015	0.015
Continuation of Discretionary Council Tax Benefit	0.100	0.100	0.100
	<hr/> 0.215	<hr/> 0.115	<hr/> 0.115
Total	<hr/> 0.293 <hr/>	<hr/> 0.203 <hr/>	<hr/> 0.203 <hr/>

Budget 2013/14
Council Fund - Revenue

Other Pressures and Investments

	2013/14 £m	2014/15 £m	2015/16 £m
<u>Community Services</u>			
Transition to Adulthood	0.138	0.267	1.506
Family Placement team (Children's Services)	0.110	0.110	0.110
Disabled Facility Grants / Aids and Adaptations	0.046	0.062	0.062
Independent Sector residential fees	0.115	0.115	0.115
	<u>0.409</u>	<u>0.554</u>	<u>1.793</u>
<u>Council Wide</u>			
Closure of externally leased properties - revision to previous efficiency	0.097	0.097	0.097
	<u>0.097</u>	<u>0.097</u>	<u>0.097</u>
<u>Corporate Services</u>			
Criminal Records Bureau (CRB) checks	0.070	0.070	0.070
	<u>0.070</u>	<u>0.070</u>	<u>0.070</u>
<u>Lifelong Learning</u>			
Review of Schools kitchens - revision to previous efficiency	0.300	0.300	0.300
Cleaning Services - Loss of contract income	0.050	0.050	0.050
Staffing Budget Shortfall following restructure	0.120	0.103	0.103
Music Licensing - increased costs	0.037	0.037	0.037
Health & Safety issues - Deeside Leisure Centre	0.025	0.025	0.025
Transport Policy review - previous efficiency unachieved - replaced by new efficiencies	0.348	0.348	0.348
Free School Meals - increased demand	0.144	0.147	0.150
School Remissions - increased demand	0.085	0.085	0.085
Schools redundancy / early retirement costs	0.219	0.219	0.219
Schools maternity pay costs	0.060	0.060	0.060
Special Schools Investment - Formula Review	0.250	0.250	0.250
	<u>1.638</u>	<u>1.624</u>	<u>1.627</u>
Total	<u><u>2.214</u></u>	<u><u>2.345</u></u>	<u><u>3.587</u></u>

Budget 2013/14
Council Fund - Revenue

Pressures and Investments - Council Priority/Invest to Save

	2013/14 £m	2014/15 £m	2015/16 £m
<u>Council Wide</u>			
Investment in Organisational Change and Priorities	1.000	2.000	2.000
Revised Effect of Prudential Borrowing costs for agreed Capital Projects (change due to revised interest rates and receipt of grant funding)	(0.129)	(0.112)	0.804
Total	0.871	1.888	2.804

Budget 2013/14

Council Fund - Revenue

Pressures and Investments - One-Off and Time Limited

	2013/14 £m	2014/15 £m	2015/16 £m
<u>Corporate Services</u>			
Methods of Payment - delayed efficiency	0.075	-	-
Base Level of Reserves - 2% of Turnover	0.065	-	-
Welfare Reform - Temporary additional staff resource to support the Council Tax Collection Service	0.027	-	-
	<hr/> 0.167	<hr/> -	<hr/> -
<u>Lifelong Learning</u>			
School Modernisation Programme	0.025	-	-
Schools Service Level Agreements (SLA's)	0.225	-	-
	<hr/> 0.250	<hr/> -	<hr/> -
Total	<hr/> 0.417 <hr/>	<hr/> - <hr/>	<hr/> - <hr/>

Budget 2013/14
Council Fund - Revenue
Summary of Efficiencies

		2013/14	2014/15	2015/16
		£m	£m	£m
Fees & Charges	Appendix 7a	0.715	0.781	0.781
Service Change	Appendix 7b	1.638	1.576	1.351
Procurement	Appendix 7c	0.970	1.116	1.172
Organisational Design	Appendix 7d	0.531	0.574	0.574
Other Efficiencies	Appendix 7e	0.920	0.947	0.997
Total		<u>4.774</u>	<u>4.994</u>	<u>4.875</u>

Budget 2013/14
Council Fund - Revenue

Efficiencies - Fees & Charges

	2013/14 £m	2014/15 £m	2015/16 £m
<u>Existing charges</u>			
<u>Community Services</u>			
Residential Charging - increased income from demand	0.100	0.100	0.100
	<hr/> 0.100	<hr/> 0.100	<hr/> 0.100
<u>Environment</u>			
Agricultural Estate rentals	0.008	0.008	0.008
Public Protection - increase to market rates	0.025	0.025	0.025
Markets Service - increased lettable space	0.019	0.019	0.019
	<hr/> 0.052	<hr/> 0.052	<hr/> 0.052
<u>Lifelong Learning</u>			
Library Service - Fines	0.001	0.001	0.001
Library - Hire charges increase	0.001	0.001	0.001
Leisure Services - increased charges	0.175	0.175	0.175
	<hr/> 0.177	<hr/> 0.177	<hr/> 0.177
<u>Finance - Corporate Services</u>			
Revenues - increased number of Council Tax fines	0.027	0.027	0.027
	<hr/> 0.027	<hr/> 0.027	<hr/> 0.027
<u>ICT & Customer Services - Corporate Services</u>			
Registrars - increased fees	0.019	0.019	0.019
	<hr/> 0.019	<hr/> 0.019	<hr/> 0.019
Total : Existing charges	<hr/> 0.375	<hr/> 0.375	<hr/> 0.375

Budget 2013/14
Council Fund - Revenue
Efficiencies - Fees & Charges

	2013/14 £m	2014/15 £m	2015/16 £m
<u>New charges</u>			
<u>Community Services</u>			
Mental Health Service users	0.018	0.018	0.018
	<u>0.018</u>	<u>0.018</u>	<u>0.018</u>
<u>Environment</u>			
Traffic Regulation order Notices	0.013	0.013	0.013
Streetscene - leachate processing	0.075	0.075	0.075
Car Park Management	0.085	0.100	0.100
	<u>0.173</u>	<u>0.188</u>	<u>0.188</u>
<u>Lifelong Learning</u>			
Review of post 16 distance limit	0.030	0.051	0.051
Review of Denominational transport provision	0.070	0.100	0.100
Music Service - transport charge	0.030	0.030	0.030
	<u>0.130</u>	<u>0.181</u>	<u>0.181</u>
<u>Legal & Democratic - Corporate Services</u>			
External Fees - conveyancing / S106 agreements	0.015	0.015	0.015
	<u>0.015</u>	<u>0.015</u>	<u>0.015</u>
<u>ICT & Customer Services - Corporate Services</u>			
Network Services - income from hosting PSBA equipment	0.004	0.004	0.004
	<u>0.004</u>	<u>0.004</u>	<u>0.004</u>
Total : New charges	<u>0.340</u>	<u>0.406</u>	<u>0.406</u>
Overall Total	<u>0.715</u>	<u>0.781</u>	<u>0.781</u>

Budget 2013/14
Council Fund - Revenue

Efficiencies - Service Change

	2013/14 £m	2014/15 £m	2015/16 £m
<u>Community Services</u>			
Reablement in the level of extra care	0.100	0.100	0.100
Preserved Rights - reduced activity levels	0.053	0.053	0.053
External funding for existing post - Children's Services	0.043	0.043	0.043
Family Placement team - revision of existing practices	0.040	0.040	0.040
Early retirement - non replacement of staff - CSA	0.015	0.015	0.015
General Office Administration review	0.021	0.021	0.021
Housing efficiency savings	0.028	0.028	0.028
Homelessness - timing of presentations	0.106	-	-
Youth Justice - appropriate adult service	0.010	0.010	0.010
Legal Fees - use of solicitors / barristers	0.010	0.010	0.010
Children's Services - Transport costs efficiency	0.015	0.015	0.015
Children's Services - FAST team budget reduction	0.010	0.010	0.010
Preventative foster care service - day care	0.005	0.005	0.005
Children's Services - out of county placements - improved procurement practice	0.050	0.050	0.050
	0.506	0.400	0.400
<u>Chief Executive's - Corporate Services</u>			
Corporate Comms - reduced workforce bulletins	0.003	0.003	0.003
Emergency Planning - collaborative working	-	0.025	0.025
	0.003	0.028	0.028
<u>Corporate Finance - Corporate Service</u>			
Clwyd Theatr Cymru - Agreed reduction to	0.015	0.015	0.015
	0.015	0.015	0.015
<u>ICT & Customer Services - Corporate Services</u>			
Information & Business services - use of LLPG	-	0.014	0.014
	0.000	0.014	0.014

Budget 2013/14
Council Fund - Revenue

Efficiencies - Service Change

	2013/14 £m	2014/15 £m	2015/16 £m
<u>HR & OD - Corporate Services</u>			
CRB checks - review of options	0.035	0.035	0.035
	0.035	0.035	0.035
<u>Legal & Democratic - Corporate Services</u>			
Democratic Services - reduced paper usage	0.010	0.010	0.010
Members Allowances (Basic Allowance) - no inflationary increase	0.010	0.010	0.010
Members Allowances - Special Responsibility Allowances - reduction of number allocated	0.070	0.070	0.070
Members Allowances - NI contributions reduction linked to reduced number of Special Responsibility allowances	0.010	0.010	0.010
	0.100	0.100	0.100
<u>Environment</u>			
Street Lighting - non-residential areas post midnight turn-off	0.050	0.050	0.050
Highways Asset Management Plan (HAMP) - rephasing of full implementation	0.225	0.225	-
Public Conveniences - revisit of strategy	0.050	0.050	0.050
Streetscene - implementation of Part III agreement	0.300	0.300	0.300
Waste Services - vehicle savings from full roll out of Saturday collection	0.140	0.140	0.140
Business Development team - agile working	0.004	0.004	0.004
Staff travel - reduced mileage payments	0.003	0.003	0.003
Directorate Support & Performance - Supplies and Stationery - Streamline current processes	0.008	0.008	0.008
	0.780	0.780	0.555

Budget 2013/14
Council Fund - Revenue

Efficiencies - Service Change

	2013/14 £m	2014/15 £m	2015/16 £m
<u>Lifelong Learning</u>			
Operational efficiencies	0.025	0.025	0.025
Youth Service - reduction of senior area workers	0.032	0.032	0.032
Youth Service - term time only contracts	0.026	0.026	0.026
Youth Service - Service reconfiguration	0.012	0.012	0.012
Youth Service - Building costs savings	0.011	0.011	0.011
Youth Service - Building rationalisation	0.005	0.010	0.010
Facilities - Management / Central Office - structure review	0.015	0.015	0.015
Facilities - County Hall revised opening hours - reduced energy / overtime costs	0.025	0.025	0.025
LL ICT - Interim Service review - post reduction	0.025	0.025	0.025
Leisure Services - removal of swimming subsidy	0.023	0.023	0.023
	0.199	0.204	0.204
Total	1.638	1.576	1.351

Budget 2013/14
Council Fund - Revenue

Efficiencies - Procurement

	2013/14 £m	2014/15 £m	2015/16 £m
<u>Community Services</u>			
PARIS - post implementation expenditure review	0.030	0.030	0.030
Housing Services - Supplies and Services	0.003	0.003	0.003
Social Care - Supplies and Services	0.075	0.075	0.075
Procurement Hub - regional procurement of high cost low volume placements	0.020	0.020	0.020
Transport Review - revised contracts	0.025	0.025	0.025
	0.153	0.153	0.153
<u>Chief Executive's - Corporate Services</u>			
Employee / Residents Consultations - reduction in number	0.003	0.003	0.003
Supplies and Services	0.010	0.000	0.000
Joint Working - costs reduction	0.002	0.000	0.000
Alterations / Improvements reductions - future agile working	0.002	0.000	0.000
Employee Safety Measures - reduced demand on budget	0.010	0.015	0.015
Community Strategy / LSB partnership - reduction in planned requirements	0.000	0.005	0.005
Conferences/Seminars/Lectures - reduced attendance	0.001	0.001	0.001
	0.028	0.024	0.024
<u>ICT & Customer Services - Corporate Services</u>			
Training Budget - Procurement via new solutions	0.001	0.001	0.001
Reduced maintenance costs due to new security equipment	0.025	0.025	0.025
Networking Hardware - reduced procurement	0.002	0.002	0.002
ICT Cabling - reduction enabled by IPT solution	0.002	0.002	0.002
Leasing - budget adjustment	0.006	0.006	0.006
Software Licensing - Microsoft licences procured through other agreements	0.010	0.010	0.010
Hardware Maintenance - letting of MFD contracts	0.001	0.001	0.001
Reduce influencable spend by 3%	0.004	0.004	0.004
Reduced ICT Expenditure	0.003	0.003	0.003
Rationalisation of third party software costs	0.013	0.013	0.013
Avoidance of inflationary rises - software maintenance costs	0.020	0.020	0.020
Reduced licence costs - via renegotiation	0.018	0.018	0.018
Supplies and Services	0.061	0.061	0.061
Training budget reduction - build around training solutions	0.001	0.001	0.001
Alterations & Improvements - Datacentres	0.004	0.004	0.004
Other Consumables - reduction in expenditure	0.001	0.001	0.001
Hardware Maintenance - new technology with warranty	0.015	0.015	0.015
Listing Paper - More use of electronic means	0.002	0.002	0.002
Enterprise Servers - hardware	0.003	0.003	0.003
Services work and Consultancy	0.004	0.004	0.004
	0.196	0.196	0.196

Budget 2013/14
Council Fund - Revenue
Efficiencies - Procurement

	2013/14 £m	2014/15 £m	2015/16 £m
<u>HR & OD - Corporate Services</u>			
Supplies & Services	0.009	0.009	0.009
	<hr/> 0.009	<hr/> 0.009	<hr/> 0.009
<u>Finance - Corporate Services</u>			
Supplies & Services	0.012	0.012	0.012
	<hr/> 0.012	<hr/> 0.012	<hr/> 0.012
<u>Environment</u>			
Waste Services - Tender Transport arrangements for waste disposal	0.050	0.050	0.050
Transportation Services - Review of subsidised Bus Service Contracts and re-tender	0.036	0.036	0.036
Reduction in use of consultants	0.013	0.013	0.013
Reduction in influencable spend	0.025	0.025	0.025
Streamline current processes within Directorate Support	0.020	0.020	0.020
	<hr/> 0.144	<hr/> 0.144	<hr/> 0.144
<u>Lifelong Learning</u>			
Reduction of Postage within the Library Service	0.001	0.002	0.002
Out of County - Improved procurement through framework agreements and monitoring of placements.	0.085	0.085	0.085
School Transport Service - Operational efficiencies	0.080	0.120	0.120
	<hr/> 0.166	<hr/> 0.207	<hr/> 0.207
<u>Flintshire Futures Programme</u>			
E-Procurement and Improved Processes	0.102	0.211	0.267
Internal Fleet Review	0.160	0.160	0.160
	<hr/> 0.262	<hr/> 0.371	<hr/> 0.427
Total	<hr/> 0.970 <hr/>	<hr/> 1.116 <hr/>	<hr/> 1.172 <hr/>

Budget 2013/14
Council Fund - Revenue

Efficiencies - Organisational Design

	2013/14 £m	2014/15 £m	2015/16 £m
<u>Chief Executive - Corporate Services</u>			
Reduction in mileage travelled - Emergency Planning	0.001	0.001	0.001
	<hr/> 0.001	<hr/> 0.001	<hr/> 0.001
<u>Community Services</u>			
Review of Supported Living Service	0.350	0.350	0.350
Service Review of Warden Service	0.018	0.018	0.018
Children's Services - Removal of one team manager post	0.040	0.053	0.053
Development and Resources - Rationalisation of Management Team	0.050	0.100	0.100
	<hr/> 0.458	<hr/> 0.521	<hr/> 0.521
<u>Environment</u>			
Review Management Recharge to the Communities First Programme	0.020	-	-
	<hr/> 0.020	<hr/> 0.000	<hr/> 0.000
<u>Lifelong Learning</u>			
Libraries - Flexible retirement	0.015	0.015	0.015
Libraries - Library Service Review	0.037	0.037	0.037
	<hr/> 0.052	<hr/> 0.052	<hr/> 0.052
Total	<hr/> 0.531 <hr/>	<hr/> 0.574 <hr/>	<hr/> 0.574 <hr/>

Budget 2013/14
Council Fund - Revenue

Efficiencies - Other

	2013/14 £m	2014/15 £m	2015/16 £m
<u>Flintshire Futures Programme</u>			
Assets Workstream - Facilities Management	0.060	0.060	0.060
Assets Workstream - Office Rationalisation	-	0.077	0.077
Customer Workstream - Contact Centre	0.100	0.100	0.100
Customer Workstream - Face to Face Customer Contact	0.100	0.100	0.100
Customer Workstream - Channel Shift	0.100	0.100	0.150
	<hr/> 0.360	<hr/> 0.437	<hr/> 0.487
<u>Corporate Financing - Corporate Services</u>			
Reduced contingencies - one-off investment costs	0.240	0.240	0.240
Reduced contingencies - Insurance Fund / NDR	0.138	0.138	0.138
	<hr/> 0.378	<hr/> 0.378	<hr/> 0.378
<u>Environment</u>			
Agricultural Estates - balance not required	0.025	-	-
Licensing / Health & Safety - balance not required	0.025	-	-
	<hr/> 0.050	<hr/> 0.000	<hr/> 0.000
<u>Lifelong Learning</u>			
Demographic Change in Schools (pupil numbers)	0.132	0.132	0.132
	<hr/> 0.132	<hr/> 0.132	<hr/> 0.132
Total	<hr/> 0.920 <hr/>	<hr/> 0.947 <hr/>	<hr/> 0.997 <hr/>

Budget 2012/13
Council Fund - Revenue

Specific Grants

		<i>Budget</i>	<i>Projection</i>	<i>Variance to</i>	<i>Confirmed (C)</i>
		<i>2012-13</i>	<i>2012-13</i>	<i>2011-12</i>	<i>or Estimated (E)</i>
		<i>£</i>	<i>£</i>	<i>£</i>	
Lifelong Learning	Appetite For Life (1)	128,233		-128,233	C
	Basic Skills	316,000	316,000	0	E
Non Delegated	Community Learning	3,278	3,278	0	C
	Families First	1,676,539	1,676,539	0	C
	Post 16 SEN provision in schools (1)	1,484,465		-1,484,465	E
	Education of Travellers	81,534	81,534	0	E
	Flying Start	1,566,170	1,566,170	0	E
	Foundation Phase	4,818,344	4,818,344	0	E
	Foundation Phase Pilot/Early Start Funding	39,581	39,581	0	E
	Free School Milk	179,773	179,773	0	E
	Free Swimming 60+	60,000	60,000	0	E
	Free Swimming Children/Young People	104,807	104,807	0	E
	Funding for Youth Work Training in Wales	22,000	22,000	0	E
	Learning Pathways 14-19	664,080	664,080	0	E
	Minority Ethnic Achievement	101,822	101,822	0	E
	NE Wales Play Forum	61,660	61,660	0	E
	Primary School Free Breakfast Initiative (1)	707,382		-707,382	E
	School Effectiveness Grant	1,078,580	1,078,580	0	E
	School Uniform Financial Assistance Scheme	30,080	30,080	0	E
	School-based counselling services (1)	228,134		-228,134	E
	Unlocking the Potential of Special Schools	45,572	45,572	0	E
	Welsh Language (Athrowen Bro and WEG)	218,568	218,568	0	C
	Welsh Medium Bilingual Grant	46,940	46,940	0	E
	Welsh Network of Healthy School Schemes	87,320	87,320	0	E
	Youth Service Revenue Grant	90,330	90,330	0	E
		13,841,192	11,292,978	-2,548,214	
Delegated	DCELLS (Post 16 provision in schools)	6,025,131	6,025,131	0	E
		6,025,131	6,025,131	0	
Community Services	Early Support to Vulnerable Children	0	0	0	C
	Funding to Implement the Mental Health Act 2007	12,770	12,770	0	E
	LD Strategy Resettlement (1)	1,649,536		-1,649,536	E
	Mental Capacity Act 2005 Deprivation of Liberty Safeguards Funding	0	0	0	C
	Social Care Workforce Development Programme	346,969	346,969	0	E
	Supporting People	7,109,307	7,109,307	0	E
	Well Being Activity	25,000	25,000	0	E
	Youth Service Community Safety Grants	60,851	60,851	0	E
	YOT / Youth Justice Board	327,280	327,280	0	E
		9,531,713	7,882,177	-1,649,536	
Environment	Communities First	873,205	873,205	0	E
	Concessionary Travel	1,917,131	1,917,131	0	E
	Crime Reduction and Anti Social Behaviour	144,461	144,461	0	E
	Domestic Abuse Co-ordinator Funding	27,500	27,500	0	E
	Local Transport Services	397,572	397,572	0	E
	Planning - Delivering for Wales	70,000	70,000	0	E
	Safer Communities Fund	205,446	205,446	0	E
	Substance Misuse	833,165	833,165	0	E
	Sustainable Waste Management	3,334,303	3,334,303	0	E
	Tidy Towns	90,233	90,233	0	E
		7,893,016	7,893,016	0	
Corporate Services	LSB Development Support Grant	50,000	50,000	0	E
		50,000	50,000	0	
Total		37,341,051	33,143,301	-4,197,750	

1 Transferring into settlement

Financial Projection - as at 11th December 2012

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Funding					
Revenue Support Grant (RSG)	154,085	155,453	155,453	155,453	155,453
NNDR	45,566	45,566	45,566	45,566	45,566
Council Tax	57,866	59,751	61,697	63,707	65,782
SSA / Budget Requirement	257,517	260,770	262,716	264,726	266,801
Unhypothecated Grants	1,467	1,467	1,467	1,467	1,467
Specific Grants	33,143	33,143	33,143	33,143	33,143
Use of Contingency Reserve					
Total Funding	292,127	295,380	297,327	299,337	301,412
Expenditure					
Base Budget	280,991	298,381	308,723	319,549	328,078
Inflation:					
Pay	1,279	1,549	1,565	1,581	1,596
Price	(0)	2,360	2,407	2,455	2,504
Price - targeted	1,062	-	-	-	-
Price - NSI Energy	285	308	332	359	388
Price - Street Lighting	79	-	-	-	-
Price - NSI Fuel	187	210	232	258	287
Price - NSI Food	141	149	158	167	176
Fees & Charges	(133)	(549)	(565)	(582)	(600)
Other known items:					
Effect of Previous Years Budget Decisions	1,336	1,544			
Movement in Specific Grants	(4,198)				
New Responsibilities	8,823				
Transfers into/out of Settlement	4,387				
Base Level of Reserves - 2% Turnover		130	39	40	42
NEW PRESSURES / INVESTMENTS:					
Economic Impact	347		500		
WG Policy / Legislative	293	(90)			
Other Pressures	2,214	131	1,242		
Council Priority / Invest to Save	871	1,017	916	252	29
One off and Time Limited	417	(417)	-	-	-
Est of future investment in Council Priorities		4,000	4,000	4,000	4,000
Total Expenditure	298,381	308,723	319,549	328,078	336,500
Funding Shortfall / (Available)	6,254	13,343	22,222	28,741	35,088

Annual increase/(decrease) in shortfall	6,254	7,089	8,879	6,520	6,347
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Efficiencies carried forward:		(4,774)	(4,994)	(4,875)	(4,875)
Detailed plans in place:					
Other	(920)	(27)	(50)	-	-
Procurement	(970)	(146)	(56)	-	-
Service Change	(1,638)	62	225	-	-
Fees and Charges	(715)	(66)	-	-	-
Organisational Design Savings	(531)	(43)	-	-	-
Total Efficiencies (incremental effect)	(4,774)	(220)	119	-	-
Possible revised shortfall	1,480	8,349	17,347	23,867	30,213

Supporting Information on Budget Terminology

REVENUE

Revenue Expenditure

Day-to-day running costs including staff wages and salaries, premises costs (e.g. repairs, energy etc), transport related costs and supplies and services.

Where does the Council get its revenue funding from?

Aggregate External Finance (AEF)

Aggregate external finance (AEF) represents the support for local revenue spending from the Welsh Government and is distributed by way of a complex formula and includes the Revenue Support Grant (RSG), and the distributable part of Non-Domestic Rates (NDR). Amounts are determined annually and in advance of each new financial year as part of the Local Government Financial Settlement.

Revenue Support Grant

The Revenue Support Grant (RSG) represents the major element in the support for local revenue spending that the Council receives from the Welsh Government, as required by section 78(1) of the *Local Government Finance Act 1988*.

National Non Domestic Rates

Non-Domestic Rates (NDR) are a property tax paid by businesses. Since 1st April 1990, these have been based on a uniform business rate across Wales known as the single national poundage set by central government. Billing authorities pay the non-domestic rates collected into a central pool which is then re-distributed between each authority according to shares of adult population.

Council Tax

The system of local taxation introduced in April 1993. A property tax levied on homes determined by placement of residences within 9 valuation bands (A-I). There are exemptions for certain types of property and discounts for people in certain circumstances. The level of Council Tax is determined locally by the Council as part of each annual budget cycle.

Council Tax Base

The estimated number of chargeable properties, expressed as the equivalent number of 'Band D' properties in the Council's area. The Council is required to annually advise the Welsh Government of its Council Tax Base (as at 31st October), which they use in the Local Government Financial Settlement, and to allow the County Council, North Wales Police Authority and Town / Community Councils to calculate the following year's Council Tax charges.

Outcome Agreement Grant

This is a non-specific grant advised by the WG as part of the annual financial settlement and is subject to assessment against agreed performance criteria.

Specific Grants

Ring-fenced funding, which must be spent on particular services or initiatives.

Reserves

These are balances in hand that have accumulated over previous years and are held for defined (earmarked reserves) and general (general reserves) purposes. Councils are required to regularly review the level and purpose of their reserves and to take account of the advice of the Chief Finance Officer.

How is the revenue budget built up?

Total Budget brought forward

The starting point for the 2013/14 revenue budget is the total budget for the previous year. Various changes and amendments are then made as detailed below.

Previous Years Growth/Item's Dropping Out

The approved budget each year incorporates an indicative amount for the following two years. The budget is adjusted accordingly each year to reflect these indicative amounts.

Pay and Price Inflation

Consideration is given each year to reflect the level of inflation provision required to be included in the budget. Pay inflation will be included based on the best estimate of likely increase in pay arising from the national agreement.

Retail Price Index (RPI) and Consumer Price Index (CPI) not considered good measures for Councils as they are not reflective of spending patterns.

The 'pinch' points for a council are usually in relation to volatile areas such as energy, fuel and food costs and an allocation is made based on latest market intelligence.

Transfers into the Settlement

This refers to a specific service area whereby the source of funding changes from a specific grant (hypothecated) to an allocation within the Revenue Support Grant (unhypothecated). The council's current policy in relation to these items is to 'passport' the funding to the relevant service area through the budget process.

New Responsibilities

From time to time the council is advised through the Local Government Settlement that it is to take on additional responsibilities in relation to a specific area e.g. Council Tax Support Scheme in 2013/14. Again, the amount of funding identified for this in the settlement is 'passported' to the service area.

Pressures and Investments – One-Off and Time Limited/Ongoing

Where costs are increasing, either through increased demand, or where the council may wish to invest in a priority area.

Efficiencies

Where costs are decreasing, either through reduced demand, or where the council has decided to reduce the amount spent in a particular service area.

CAPITAL**Capital Expenditure**

Spending on non-current assets (e.g. buildings, equipment and land) which will have a useful life of more than one year.

Where does the Council get its capital funding from?

Capital Receipts

Income receipts from the sale of the council's capital assets.

General Capital Funding

General Capital Funding (GCF) is the total available from the Welsh Government for financing general capital expenditure. Allocations are issued annually to each local authority and cover most of the basic services undertaken by authorities. GCF is calculated using agreed distribution formulae, and consists of 2 elements General Capital Grant and Unhypothecated Supported Borrowing.

General Capital Grant

General Capital Grant (GCG) is an element of General Capital Funding and is a direct grant towards financing general capital expenditure.

Unhypothecated Supported Borrowing

A source of funding from the Welsh Government to finance general capital expenditure. Allocations are issued annually to each local authority as part of the Local Government Financial Settlement. The Welsh Government include an element within the Revenue Support Grant to fund the cumulative costs of this borrowing that is classed as supported borrowing.

Unsupported (Prudential) Borrowing

Borrowing to fund capital expenditure which exceeds Welsh Government support in the Revenue Support Grant. Councils can choose to fund capital expenditure through Unsupported (Prudential) Borrowing so long as they demonstrate that borrowing is prudent, sustainable and affordable, as the ongoing revenue costs of unsupported borrowing will still need to be met from available resources.

Briefing Note on the Final Local Government Settlement 2013/14

Revenue

Aggregate External Finance (AEF)

- Flintshire's AEF has decreased by £0.045m compared to the provisional settlement (from £199.651m to £199.606m) as detailed below:-

	£m
Transfers Into Settlement:	
Increase in Post 16 SEN Special Schools Transfer	0.013
Less Council Tax Support Scheme funding	(0.050)
Distributional Changes	<u>(0.008)</u>
Total	(0.045)

Standard Spending Assessment (SSA)

Flintshire's calculated SSA has decreased by £0.120m compared to the provisional settlement (from £259.255 to £259.135m)

Transfers into the Settlement

The transfers into the settlement remain the same as per the provisional settlement with the exception of an increase of £0.013m in relation to Post 16 SEN Special Schools.

Council Tax Support Scheme

This new responsibility has been confirmed with a revised amount identified of £8.773m, a reduction of £0.050m on the provisional settlement figure. The Minister has also announced in the Final Settlement an additional £4.6m of additional funding across Wales in the current financial year to assist local authorities with the costs of introducing this new scheme and to help mitigate the wider impact of welfare reforms. Work is underway to assess the specific implications for Flintshire of this complex area.

Specific Grants

Only limited information at an All Wales level has been received to date.

Outcome Agreement Grant

Flintshire's allocation is £1.465m, a reduction of £0.002m than at the provisional stage.

Regional Collaboration Fund

The Provisional Settlement advised that £10.174 million (All Wales) had been taken out of the settlement to form a new specific grant for regional collaboration. The Final Settlement advised of a North Wales indicative allocation of £2.293m and some guidance on eligibility criteria.

Capital

General Capital Funding

- Flintshire's general capital funding has reduced by £0.002m compared to the provisional settlement of £6.868m.

Gary Ferguson – Corporate Finance Manager (12th Dec 12)