



Corporate Resources Overview & Scrutiny Committee 28 January 2013

Council Fund Revenue Budget Proposals

TO BE COVERED TODAY

- National and Local Context
- Council Fund Budget Strategy
- Budget Process
- Ongoing Work
- Corporate Services Budget
 - Budget Proposals - summary
 - Key service issues
- Next Steps



COUNCIL FUND BUDGET STRATEGY & FINANCIAL OVERVIEW

National Context

- Funding for UK public sector contracting in real terms and this will continue in the medium term
- For Wales this position reinforced by:
 - Welsh Government Budget & Policy
 - Wales Audit Office reports
 - Institute of Fiscal Studies report (commissioned by WLGA)
- 2013/14 – final year of three year indicative WG budgets for local authorities
- 2014/15 settlement could see a decrease in proportion of WG budget for local government

Local Context

- Successful track record of setting balanced budgets within this national context while also:
 - Investing in key priorities
 - Meeting growths in service demands
 - Absorbing cost in implications of inflation
- Approach
 - Developing internal programmes of change and reform
 - Collaboration and cost sharing with partners
 - Service review and change
- Scope for efficiency 'quick wins' reduces each year – the challenge becomes greater

2013/14 Budget Strategy

- Draft proposals aim to:
 - Protect front line public services
 - Invest in and Protect Schools and Social Care budgets – exceeding national expectations
 - Protect core services where national grant is reducing
 - Prepare communities for Welfare Reform
 - Invest in change to achieve future efficiencies
 - Prepare for implementation of Single Status in-year
 - Absorb inflationary costs without reducing service standards
 - Set Council Tax at affordable level

THE BUDGET PROCESS – How have we got here...

Budget gap of £11m in July – strategy followed...

1. Challenge and compress identified pressures
2. Review previous years pressures and efficiencies
3. Manage Inflation – targeted approach
4. Review in year financial position
5. Review Reserves and Balances
6. Progress Flintshire Futures workstreams
 - Increase income from Fees and Charges
 - Progress Organisation Design
 - Implement Service Change
 - Identify opportunities for Procurement Savings

FINANCIAL OVERVIEW – Position at December

- Budget gap at 18th December was £1.480m (based on draft settlement)
 - One off or time limited items £0.417m
 - Ongoing base budget £1.063m
- Final Local Government Finance Settlement announced on 11th December – briefing note distributed to all Members
- Final Settlement for Flintshire is an increase of 1.2% (after transfers excluding Council Tax Support) in revenue grant funding

FINANCIAL OVERVIEW – Assumptions and Principles (MTFS) (1 of 2)

- Transfers into settlement passported to service area (if required)
- New responsibilities in settlement passported to service area
- Base Level of Reserves maintained at 2% of turnover
- Distinction between resources for ongoing expenditure and expenditure that is one-off or time limited
- Fair and affordable Council Tax – proposed annual Band D increase of 3% - in line with previous Council Tax Strategy commitments

FINANCIAL OVERVIEW – Assumptions and Principles (MTFS) (2 of 2)

- Inflation assumptions:
 - Pay
 - 1% for Non-Teachers (from April) and Teachers (from September)
 - Price
 - Targeted 2% inflation - e.g. Schools, elements of Social Care and Fleet Maintenance
 - Non-Standard Inflation - Energy, Fuel, Food and NDR
 - Income
 - Assumption of 3% unless included under specific Fees and Charges Proposals

Work Ongoing to Balance the Budget

Four Point Plan:

1. Review of Flintshire Futures Workstream Targets - especially Procurement
2. Review of pressures/investments to ensure that all one-off items are identified
3. Re-examination of previous years' items
4. Directorates and Corporate Services to:
 - Identify further efficiencies achievable in 2013/14
 - Reduce costs / curtail expenditure for remainder of 2012/13



Corporate Services

BUDGET PROPOSALS & KEY SERVICE ISSUES

Flintshire Futures Programme

- £4.8 million of efficiencies (majority recurring) – 80% of agreed target, work continues to hit targets
 - Procurement – Standardise, Simplify and Automate, Demand Management (buy less or not at all)
 - Assets – rationalisation of office space and agile working
 - Workforce – organisational design & service reviews
 - Finance – fees and charges & service change (VFM)
 - Customer – Channel Shift, Flintshire Connects and Contact Centre
- New Governance Arrangements in place
- Capacity to increase pace and ambition agreed – in place shortly
- To 2017/18 £35.7 million efficiencies target for programme

Budget Proposals - Flintshire Futures

Additional Council Wide Items

	2013/14 £m	2014/15 £m	2015/16 £m
<u>FLINTSHIRE FUTURES</u>			
Efficiencies - Procurement			
<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
	<u>0.262</u>	<u>0.371</u>	<u>0.427</u>
Efficiencies - Other			
<u>Flintshire Futures Programme</u>			
Assets Workstream - Facilities Management	0.060	0.060	0.060
Assets Workstream - Office Rationalisation	0.000	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
	<u>0.360</u>	<u>0.437</u>	<u>0.487</u>
Other Pressures and Investments			
<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>



Finance & Corporate Finance

BUDGET PROPOSALS – Pressures / Investments

FINANCE

Pressures and Investments - Welsh Government Policy/Legislative

Welfare Reform - IT system upgrades

Continuation of Discretionary Council Tax Benefit Support

2013/14 £m	2014/15 £m	2015/16 £m
0.115	0.015	0.015
0.100	0.100	0.100
<u>0.215</u>	<u>0.115</u>	<u>0.115</u>

Pressures and Investments - One-Off and Time Limited

Methods of Payment - delayed efficiency

Welfare Reform - Temporary additional staff resource to support the Council Tax Collection Service

0.075	-	-
0.027	-	-
<u>0.102</u>	<u>-</u>	<u>-</u>

CORPORATE FINANCE

Pressures and Investments - Economic Impact

Income reduction - Vacation of former Council Offices , Ewloe

-	-	0.500
<u>-</u>	<u>-</u>	<u>0.500</u>

Pressures and Investments - Council Priority/Invest to Save

Council Wide

Investment in Organisational Change and Priorities

Revised Effect of Prudential Borrowing costs for agreed Capital Projects (change due to revised interest rates and receipt of grant funding)

1.000	2.000	2.000
(0.129)	(0.112)	0.804
<u>0.871</u>	<u>1.888</u>	<u>2.804</u>

Pressures and Investments - One-Off and Time Limited

Base Level of Reserves - 2% of Turnover (provisional settlement)

0.065	-	-
<u>0.065</u>	<u>-</u>	<u>-</u>

BUDGET PROPOSALS – Efficiencies

	2013/14 £m	2014/15 £m	2015/16 £m
<u>FINANCE</u>			
Efficiencies - Fees & Charges			
<u>Existing charges</u>			
Revenues - increased number of Council Tax fines	0.027	0.027	0.027
	<u>0.027</u>	<u>0.027</u>	<u>0.027</u>
Efficiencies - Procurement			
Supplies & Services	0.012	0.012	0.012
	<u>0.012</u>	<u>0.012</u>	<u>0.012</u>
<u>CORPORATE FINANCE</u>			
Efficiencies - Service Change			
Clwyd Theatr Cymru - Agreed reduction to contribution	0.015	0.015	0.015
	<u>0.015</u>	<u>0.015</u>	<u>0.015</u>
Efficiencies - Other			
Reduced contingencies - one-off investment costs	0.240	0.240	0.240
Reduced contingencies - Insurance Fund / NDR	0.138	0.138	0.138
	<u>0.378</u>	<u>0.378</u>	<u>0.378</u>

Key Service Issues for Finance in Medium Term ...

- Developing the Medium Term Financial Strategy
- Forecasting of Council finances (income, costs and savings) over the next 3-5 years through the Medium Term Financial Plan
- The impacts of the next stages of Welfare Reform for the public, council and the workforce
- Ensuring Finance is providing the support service which the Council wants and needs
- Ensuring the objectives of the Finance review are realised

For Finance this budget invests in...

- Transition under welfare reform
- Providing resources to invest in supporting organisational change and investing in priorities
- Prudential borrowing to support the capital programme especially 21st Century Schools



HR and Organisational Development

BUDGET PROPOSALS – Pressures / Investments

HR AND ORGANISATIONAL DEVELOPMENT

	2013/14 £m	2014/15 £m	2015/16 £m
Other Pressures and Investments			
Criminal Records Bureau (CRB) checks	0.070	0.070	0.070
	<u>0.070</u>	<u>0.070</u>	<u>0.070</u>

BUDGET PROPOSALS – Efficiencies

HR AND ORGANISATIONAL DEVELOPMENT

	2013/14 £m	2014/15 £m	2015/16 £m
Efficiencies - Service Change			
CRB checks - review of options	0.035	0.035	0.035
	<hr/> 0.035	<hr/> 0.035	<hr/> 0.035
Efficiencies - Procurement			
Supplies & Services	0.009	0.009	0.009
	<hr/> 0.009	<hr/> 0.009	<hr/> 0.009

For HR & OD this budget invests in...

- Annual Pay Awards
- in a Single Status Agreement
- HR advice and support tailored to achieve service / business priorities
- Development of modernised working practices via new technology, Agile Working styles and self service
- Quality learning and development opportunities for the workforce
- Effective Occupational Health and Well-Being services

Key Service Issues for HR & OD in Medium Term.....

- Sustainable pay base that deals with low pay
- Flexible 24/7 customer services
- Organisation Development strategies to achieve improved performance and 'value for money'
- Specialised HR support in service redesign and managing major change programmes, increasing pace of change and improving outcomes
- Highly skilled workforce and competent people managers to meet changing organisational needs



ICT and Customer Services

BUDGET PROPOSALS – Efficiencies

ICT AND CUSTOMER SERVICES

Efficiencies - Fees & Charges

Existing charges

Registrars - increased fees

	2013/14 £m	2014/15 £m	2015/16 £m
	0.019	0.019	0.019
	<u>0.019</u>	<u>0.019</u>	<u>0.019</u>

★

New charges

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>

Efficiencies - Service Change

Information & Business services - use of LLPG

	-	0.014	0.014
	<u>-</u>	<u>0.014</u>	<u>0.014</u>

Efficiencies - Procurement

Various procurement savings of less than £4k

Reduced maintenance costs due to new security equipment

Leasing - budget adjustment

Software Licensing - Microsoft licences procured through other agreements

Rationalisation of third party software costs

Avoidance of inflationary rises - software maintenance costs

Reduced licence costs - via renegotiation

Supplies and Services

Hardware Maintenance - new technology with warranty

	0.028	0.028	0.028
	0.025	0.025	0.025
	0.006	0.006	0.006
	0.010	0.010	0.010
	0.013	0.013	0.013
	0.020	0.020	0.020
	0.018	0.018	0.018
	0.061	0.061	0.061
	0.015	0.015	0.015
	<u>0.196</u>	<u>0.196</u>	<u>0.196</u>

★ Equalities Impact Assessment will be completed

For ICT and Customer Services this budget invests in...

- Modern ICT Facilities e.g. tier 3 standard data centre, resilient high bandwidth broadband network
- Business Systems e.g. Customer Relationship Management, Purchase to Pay (P2P), iTrent
- Flintshire Futures - Investment in Change and Modernisation e.g. Electronic Document Management, Mobile Working, IPT Telephony
- Excellent Customer Service and Access including Contact Centre, Website, Flintshire Connects
- Modern Procurement e.g. P2P, e-sourcing

Key Service Issues for ICT and Customer Services in Medium Term ...

- ICT Service Review Completion and Implementation
- ICT Strategy Refresh & National Public Sector ICT Strategy
- Increasing Demands on ICT Service to Enable Change and Efficiencies
- Major Core Technology Changes e.g. Notes/Domino to Microsoft
- Local, Regional and National Procurement Arrangements
- Improved Customer Service and Channel Shift – Council App and Website Redevelopment



Legal and Democratic Services

BUDGET PROPOSALS – Efficiencies

LEGAL AND DEMOCRATIC

Efficiencies - Fees & Charges

New charges

External Fees - conveyancing / S106 agreements

2013/14	2014/15	2015/16
£m	£m	£m
0.015	0.015	0.015
<hr/> 0.015	<hr/> 0.015	<hr/> 0.015

Efficiencies - Service Change

Democratic Services - reduced paper usage

Members Allowances (Basic Allowance) - no inflationary increase

Members Allowances - Special Responsibility Allowances - reduction of number allocated

Members Allowances - NI contributions reduction linked to reduced number of Special Responsibility allowances

0.010	0.010	0.010
0.010	0.010	0.010
0.070	0.070	0.070
0.010	0.010	0.010
<hr/> 0.100	<hr/> 0.100	<hr/> 0.100

For Legal and Democratic Services this budget invests in...

- Strategic advice on corporate projects e.g. equal pay and single status
- Operational advice to key services e.g. children's services
- Professional services e.g. court advocacy and conveyancing for major land sales
- Support for committees and councillors

Key Service Issues for Legal and Democratic Services in Medium Term ...

- Advising on innovative business models e.g. social enterprises
- Developing new governance structures to fit new ways of working
- Maintaining services whilst contributing to efficiencies



NEXT STEPS

Live Issues for this Committee

- Council Tax Support Scheme
- Council Fund improving in year budget projection
- Level of reserves and balances
- Municipal Mutual Risk
- Profiling of investment and organisational change needs

Next Steps – Medium Term Outlook

- MTFP in December indicated an annual budget shortfall of £30m by 2017/18
- This does not fully account for:
 - Single Status Agreement
 - Equal Pay Agreement
 - Any possible future reductions in funding from Welsh Government
- Need to develop and accelerate FCC corporate change programme if we are to...
 - meet the financial challenges ahead
 - achieve council priorities
 - finance capital investment

Next Steps – 2013/14 Budget

- Ongoing work to continue to refine details
- Corporate Resources Scrutiny
 - 31 January
 - All members
 - Capital Programme (cross-service)
 - Round up meeting following service scrutiny meetings
- Cabinet 19 February
 - Final budget proposals
- Council 1 March
 - Budget & Council Tax Setting