

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE**

DATE: **THURSDAY, 12 DECEMBER 2013**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **MEDIUM TERM FINANCIAL PLAN 2014/15 - 2018/19**

1.00 PURPOSE OF REPORT

1.01 To provide members with an update on the Medium Term Financial Plan (MTFP) 2014/15 – 2018/19.

2.00 BACKGROUND

2.01 Updates to the MTFP have been reported to Members on an ongoing basis within the budget reports for 2012/13 and 2013/14. A report to Cabinet in June this year set out the plans to publish two revisions to the MTFP within 2013/14.

2.02 The first revision, which included the most accurate forecasts possible as at 31st May 2013, was reported to Cabinet in June and to Corporate Resources Overview and Scrutiny Committee in July, and was positively supported by both.

2.03 An updated Medium Term Financial Plan (MTFP) 2014/15 – 2018/19 as at 30th September 2013 was reported to Cabinet in October and is attached as Appendix A.

3.00 CONSIDERATIONS

3.01 The second revision of the MTFP attached as Appendix A outlined the financial position on the best known information at the time which set out the position as at 30th September 2013 with:-

- (i) Updated forecasts on funding over the five years taking account of the latest national intelligence but noting that the draft Welsh Government (WG) Budget and the provisional local government settlement were not due to be announced until 8th and 16th October respectively.
- (ii) Updated forecasts on inflationary impacts and the investment needed to support council priorities.

- (iii) A projected revenue “gap” over the five year period to 2018/19 of £47.8m, with £16.5m of this in 2014/15.
- (iv) An outline of the Organisational Change and Re-Design Plan to further modernise the organisation and secure major efficiencies in costs and overheads through four Strategic Change Programmes.
- (v) Financial Quantum targets for the five year strategy period and in detail for the first two financial years, 2014/15 and 2015/16.

Local Government Provisional Settlement 2014/15

- 3.02 The Provisional Local Government Settlement for 2014/15 was announced by Welsh Government on 16th October 2013 and details were reported to Cabinet on 19th November.
- 3.03 Although the Settlement was broadly in line with the assumptions contained within the MTFP as at 30th September there were some direct impacts for the 2014/15 budget which had the effect of reducing the projected budget gap from £16.5m to £16.1m.

Organisational Change and Re-Design Plan & Budget Strategy

- 3.04 As detailed above, the second revision of the Medium Term Financial Plan 2014/15 to 2018/19 set out an outline of the Organisational Change and Re-Design Plan to further modernise the organisation and secure major efficiencies in costs and overheads through the four Strategic Change Programmes of:
 - (i) Corporate Efficiency
 - (ii) Functional Efficiency
 - (iii) Organisational Design – Structure and Operating Model
 - (iv) Organisational Design – Workforce
- 3.05 The overall strategy for 2014/15 is to seek to maximise internal cost reductions as much as possible, in order to enable time for more detailed and thoughtful consideration to be given to longer term planning and service choices from 2015/16 onwards.
- 3.06 The organisational plan falls broadly into two areas. Firstly, identifying areas for Value for Money review through Corporate (greater reduction of procurement spend, internal systems and practice etc) and Functional Efficiencies. Secondly, through sensitive and carefully planned workforce changes and review of the operating model.
- 3.07 Current planning assumptions are that the budget gap will be met broadly from value for money and workforce in equal parts, accepting that workforce changes are likely to take longer to implement and are only likely to be effective for a part year in 2014/15.

- 3.08 Work to review and update the financial assumptions for 2014/15 as set out in the detailed MTFP document is ongoing seeking all opportunities to reduce pressures or increase efficiencies, including those identified in previous years. As at the November Cabinet report, this work had reduced the budget gap of £16.1m following the settlement to £15.5m.
- 3.09 Budget Workshops have been arranged for all members on the 16th and 18th December to discuss the budget strategy, approach for 2014/15 and future years and the current position.
- 3.10 Full details of all the budget proposals will be available in January 2014 through overview and scrutiny committees leading to the budget debate in mid February which will set the budget for 2014/15.

4.00 RECOMMENDATIONS

4.01 Members are asked to note:-

- i) The MTFP as at 30th September 2013
- ii) The Organisational Change and Re-Design Plan & Budget Strategy
- iii) The approach to sharing the budget strategy and proposals with members over the coming three months

5.00 FINANCIAL IMPLICATIONS

5.01 As detailed in the report.

6.00 ANTI POVERTY IMPACT

6.01 None.

7.00 ENVIRONMENTAL IMPACT

7.01 None.

8.00 EQUALITIES IMPACT

8.01 Detailed budget proposals will be subject to an Equality Impact Assessment.

9.00 PERSONNEL IMPLICATIONS

9.01 None.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 None.

12.00 APPENDICES

12.01 2ND Revision of MTFP as at 30th September 2013.

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

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