



**Environment
Overview & Scrutiny Committee
28 January 2014**

**Council Fund Revenue Budget
2014/15**



Environment

BUDGET PROPOSALS

Purpose of today's meeting:-

- » To provide Scrutiny Members with:-
 - » an overview of the draft budget proposals for 2014/15
 - » Details of proposals specific to the services particular to this committee

- » To advise of the ongoing work to close the remaining revenue budget gap

- » Set out the next steps and timescales

National Context and Local Impact

- » WG funding to local government significantly reduced
- » Our indicative settlement of a small increase became a 4% cut in cash terms
- » Our planned “budget gap” of £7.6m grew to a projected £16.5m over the course of the summer of 2013 based on intelligence / speculation, which was borne out in the financial settlement
- » Details have been provided in MTFP updates at 31st May and 30th September and subsequent reports
- » Unprecedented scale of planning for the Council

Budget Overview

<u>Funding</u>	£m
Aggregate External Funding (RSG & NDR)	192.942
Council Tax	60.776
Budget Requirement	253.718
<u>Unhypothecated Grants</u>	
Outcome Agreement Grant	1.458
Use of Reserves - Investment Strategy	6.250
Specific Grants (Estimated)	35.519
Total Funding	296.945

Budget Overview

Expenditure

Total Budget 2013/14		293.346
Previous Year's Growth / Items Dropping Out	Appendix 4	1.138
Pay & Price Inflation	Appendix 5	2.425
New Responsibilities and Transfers into the Settlement	Appendix 6	0.092
Pressures and Investments - Ongoing	Appendix 7	4.697
Pressures and Investments - One-off and Time Limited		4.800
Efficiencies	Appendices 2 & 3	(11.030)
Less Specific Grants 2013/14	Appendix 8	(33.127)
Plus Specific Grants 2014/15 (Estimated)	Appendix 8	35.519
Total Expenditure		297.860
Shortfall		0.915

How did the budget gap reduce?

	£m	£m
Budget Gap as at MTFP September 2013		16.556
Changes to Funding (Prov Sett)		(0.418)
		16.138
Change to Council Tax Base and Collection Rate to 99%		(0.472)
Other reductions to pressures, previous year decisions etc.		(0.090)
Budget Gap as at November Report		15.576
Impact of Final Settlement		0.132
Other adjustments to pressures, previous year decisions etc.		(0.729)
Revised Budget Gap		14.979
Corporate/Functional Efficiencies	(8.080)	
Workforce Efficiencies	(2.950)	
		(11.030)
Removal of Investment budget (one-off)		(1.580)
Transitional Funding		(1.454)
Remaining Budget Gap - January 2014		0.915

Organisational Redesign & Change

- » “Front ends” organisational costs reductions in 2014/15
- » Protects services as far as possible
- » Allows time for more detailed consideration of service choices for 2015/16 and beyond
- » Four Sub Programmes
 - » Organisational Design: Structure & Operating Model
 - » Operational Design: Workforce
 - » Corporate Value for Money (VFM)
 - » Functional Value for Money (VFM)



Organisational Redesign: Structure and Corporate Operating Model

- » Aims
 - » To improve the way in which the Council works and make significant reductions in senior management costs

- » First phase (Directors and Heads of Service)
 - » Review began in November, consultation due in February, adoption by Council by end March, introduced by June
 - » Expert independent advice to support Cabinet

- » Second phase (Grades M1-M9)
 - » Overlaps with phase one
 - » Implemented in sequence

- » Target saving £2m in full year and £1.45m planned for 2014/15

Organisational Redesign: Workforce

- » Review of workforce below senior management
- » Planned approach being designed with a targeted reduction by function matched as far as possible to expressions of interest (to be invited from 3 February)
- » No entitlement and based on mutuality of personal requests with the business needs of services
- » Overseen by a senior review panel
- » Impacts of prior service reviews and strict vacancy management will be taken into account
- » Target Saving £1.5m planned for 2014/15



Corporate VFM & Functional VFM

- » VFM model replaces previous targeted service reviews and annualised efficiency approaches followed under Flintshire Futures or budget programmes

- » **Corporate Programme:**
 - » Cross organisational spend e.g. procurement, administration support, supplies and services

- » **Functional Programme:**
 - » Individual functional (service) areas
 - » Contain pressures which drive cost, re-prioritise, remodel, internal team merger etc opportunities



Detailed proposals for this Committee

- » Inflation
- » Transfers into Settlement
- » Pressures and Investments
- » Efficiencies
- » Prior Year Decisions for information

INFLATION

	£m	£m
<u>Pay</u>		
Pay Inflation from April 2014 (1%)	<u>0.231</u>	0.231
<u>Non Standard</u>		
Energy - Street Lighting (8%)	0.093	
Energy - Other (8%)	0.065	
Fuel - (11.2%)	0.177	
Food (5.8%)	0.002	
Non Domestic Rates (2%)	<u>0.022</u>	0.359
Total Inflation Environment		<u><u>0.590</u></u>

PRESSURES AND INVESTMENTS

Pressures & Investments

	2014/15 £m	2015/16 £m	2016/17 £m
<u>Environment</u>			
Reduction of Sustainable Waste Management Grant	0.308	0.308	0.308
Landfill Tax - increase cost per tonnage	0.256	0.309	0.362
Total Pressures & Investments Environment	0.564	0.617	0.670

EFFICIENCIES

Organisational Change Corporate Value for Money Programme

Environment	2014/15 £m	2015/16 £m	2016/17 £m
Procurement	0.441	0.441	0.441
Back to Basics	0.035	0.035	0.035
Total Corporate VFM Efficiencies - Environment	0.476	0.476	0.476

PROCUREMENT

	2014/15	2015/16	2016/17
	£m	£m	£m
Fleet Hire Model	0.187	0.187	0.187
Rationalise building maintenance and Highways/Engineering procurement	0.089	0.089	0.089
Reduce building maintenance costs	0.068	0.068	0.068
Reduce consultants costs	0.042	0.042	0.042
Concessionary fares recharge	0.025	0.025	0.025
Reduce cost of consumables	0.030	0.030	0.030
Total Procurement Savings	0.441	0.441	0.441

EFFICIENCIES

Organisational Change Functional Value for Money Efficiencies

Environment	2014/15 £m	2015/16 £m	2016/17 £m
Streetscene – Increase staff service flexibility	0.050	0.050	0.050
Streetscene – Increase Collaboration	0.050	0.050	0.050
Streetscene – Fleet efficiencies	0.350	0.350	0.350
Streetscene & Assets Transportation – Streamline Service Areas	0.225	0.300	0.300
Streetscene – Close Halkyn depot	0.090	0.090	0.090
Streetscene – Optimise waste transport arrangements	0.030	0.030	0.030
Streetscene – Rationalise HRC Provision	0.180	0.180	0.180
Streetscene – Review of Clinical waste collection recharges	0.030	0.030	0.030
Streetscene – Increase Workforce service flexibility	0.450	0.450	0.450
Public Protection & Planning – Review operation, income and staffing arrangements	0.408	0.450	0.450
Regeneration – Continuation of Management fee for Communities First Programme	0.020	0.020	0.020
Total Environment Functional VFM Efficiencies	1.883	2.000	2.000

PRIOR YEARS DECISIONS

APPROVED 2012/13 BUDGET

£m

Environment

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
Ground Water monitoring at former Castle Landfill site	(0.005)
Food Waste - tipping fee increases	0.004

0.122

APPROVED 2013/14 BUDGET

Environment

Loss of Car Park Income	0.068
Agricultural Estates - One off efficiency reinstated	0.025
Licensing / Health & Safety - One off efficiency reinstated	0.025

0.118

Total Prior Year Decisions Environment

0.240

Ongoing Work to finalise budget

» **Base Budget**

- » 2013/14 budget monitoring
 - » Potential base budget impacts for 2014/15 & beyond
- » Potential for further efficiencies
 - » Value for Money: procurement and back to basics
 - » Workforce: costs of employment
- » Schools Budget inflationary pressure
- » Council Tax level

» **Investment Costs (one – off)**

- » Investment costs needed to deliver change
- » Review of reserves and balances

Next Steps

3rd February

Corporate Resources (all Members)

- » Revenue – review of feedback & budget update
- » Capital Programme

18th February

Cabinet and Council to agree the council fund budget, council tax and capital programme for 2014/15