



# Corporate Resources Overview & Scrutiny Committee 28 January 2014

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**Council Fund Revenue Budget  
2014/15**



# Corporate Services

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## **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 31<sup>st</sup> May and 30<sup>th</sup> 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
<b>Total Funding</b>	<b>296.945</b>

# 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
<b>Total Expenditure</b>		<b>297.860</b>
<b>Shortfall</b>		<b>0.915</b>

# How did the budget gap reduce?

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



# 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**



# Corporate Services by Division:-

- » Finance
- » Central and Corporate
- » Human Resources and Organisational Design
- » ICT and Customer Services
- » Legal and Democratic Services
- » Chief Executive



# Finance

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# INFLATION

## Inflation

£m

### Pay

Pay Inflation from April 2014 (1%)

0.053

**Total Inflation for Finance**

**0.053**

# TRANSFER INTO SETTLEMENT

## Transfers into the Settlement

### Corporate Services - Finance

	£m
Council Tax Reduction Scheme (CTRS) Administration Subsidy	0.092
<b>Total Transfers for Finance</b>	<b>0.092</b>



# EFFICIENCIES

## Organisational Change Corporate Value for Money Programme

	2014/15	2015/16	2016/17
	£m	£m	£m
Procurement	0.019	0.019	0.019
Back to Basics	0.007	0.007	0.007
<b>Total for Finance</b>	<b>0.026</b>	<b>0.026</b>	<b>0.026</b>

# PRIOR YEARS DECISIONS

## APPROVED 2012/13 BUDGET

£m

Prudential Borrowing Requirement for Capital Investment

0.169

**Total Prior Year Decisions for Finance**

**0.169**



# Finance – Central & Corporate

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# PRESSURES & INVESTMENTS

## Pressures & Investments

	2014/15 £m	2015/16 £m	2016/17 £m
<b><u>Corporate Services - Central &amp; Corporate Finance</u></b>			
Council Tax Reduction Scheme	0.633	0.633	0.633
Impact of Actuarial Valuation	0.991	2.738	4.242
Pensioners Grant	0.201	0.201	0.201
Carbon Reduction Scheme	0.120	0.120	0.120
Fire Levy increase in contribution	0.063	0.063	0.063
Highways Agency Programme (Year 3)	0.192	0.192	0.192
Single Status Agreement	0.000	0.000	5.801
Investment in Organisational Change	0.000	1.580	1.580
Local Government Pension Scheme Reform	0.245	0.245	0.245
<b>Total Organisational Pressures for Central &amp; Corporate Finance</b>	<b>2.445</b>	<b>5.772</b>	<b>13.077</b>

# EFFICIENCIES

## Organisational Change Functional Value for Money Efficiencies

	2014/15	2015/16	2016/17
	£m	£m	£m
Administration support across the organisation	1.000	1.000	1.000
<b>Total for Central &amp; Corporate Finance</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>

# PRIOR YEARS DECISIONS

## APPROVED 2013/14 BUDGET

£m

### Council Wide

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

0.017

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**0.017**

### Flintshire Futures Programme

E-Procurement and Improved Processes

(0.109)

Assets Workstream - Office Rationalisation

(0.077)

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**(0.186)**

### ONE OFF AND TIME-LIMITED PRESSURES

Base Level of Reserves - 2% of Turnover

(0.065)

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**(0.065)**

**Total Prior Years Decisions for Central & Corporate Finance**

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**(0.234)**

# HR and Organisational Development

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# INFLATION

## Inflation

### Pay

Pay Inflation from April 2014 (1%)

**Total inflation for HR & OD**

£m

0.022

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**0.022**

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# EFFICIENCIES

## Organisational Change Corporate Value for Money Programme

	2014/15	2015/16	2016/17
	£m	£m	£m
Back to Basics	0.002	0.002	0.002
<b>Total for HR &amp; OD</b>	<b>0.002</b>	<b>0.002</b>	<b>0.002</b>

# EFFICIENCIES

## Organisational Change Functional Value for Money Efficiencies

	2014/15	2015/16	2016/17
	£m	£m	£m
Increase income from occupational health	0.010	0.010	0.010
Workforce development efficiencies	0.021	0.021	0.021
<b>Total for HR &amp; OD</b>	<b>0.031</b>	<b>0.031</b>	<b>0.031</b>

# PRIOR YEARS DECISIONS

## APPROVED 2012/13 BUDGET

£m

HR Management Information System (Phase 2)

(0.003)

**Total Prior Years Decisions for HR & OD**

**(0.003)**



# ICT and Customer Services

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# INFLATION

## Inflation

	£m	£m
<b><u>Pay</u></b>		
Pay Inflation from April 2014 (1%)	<u>0.032</u>	0.032
<b><u>Price</u></b>		
Targeted General Price Inflation (1.5% - 3%)	<u>0.016</u>	0.016
<b><u>Income</u></b>		(0.006)
<b>Total Inflation for ICT &amp; Customer Services</b>		<u><b>0.042</b></u>

# EFFICIENCIES

## Organisational Change Corporate Value for Money Programme

	2014/15	2015/16	2016/17
	£m	£m	£m
Procurement	0.158	0.158	0.158
Back to Basics	0.013	0.013	0.013
<b>Total for ICT &amp; Customer Services</b>	<b>0.171</b>	<b>0.171</b>	<b>0.171</b>

# EFFICIENCIES

## Organisational Change Functional Value for Money Efficiencies

	2014/15	2015/16	2016/17
	£m	£m	£m
Equipment lease termination and contract renegotiations	0.192	0.192	0.192
Registrars	0.010	0.010	0.010
<b>Total for ICT &amp; Customer Services</b>	<b>0.202</b>	<b>0.202</b>	<b>0.202</b>

# PRIOR YEARS DECISIONS

## APPROVED 2012/13 BUDGET

£m

Business Systems - Software Maintenance Costs

0.021

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**0.021**

## APPROVED 2013/14 BUDGET

Information & Business services - use of LLPG

(0.014)

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**(0.014)**

**Total Prior Years Decisions for ICT & Customer Services**

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**0.007**

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# Legal and Democratic Services

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# INFLATION

## Inflation

	£m	£m
<b><u>Pay</u></b>		
Pay Inflation from April 2014 (1%)	<u>0.015</u>	0.015
<b><u>Non Standard</u></b>		
Food (5.8%)	<u>0.001</u>	0.001
<b><u>Income</u></b>		(0.001)
<b>Total Inflation for Legal &amp; Democratic</b>		<u><b>0.015</b></u>

# PRESSURES & INVESTMENTS

## Pressures & Investments

	2014/15	2015/16	2016/17
	£m	£m	£m
Additional cost of Child Protection cases	0.044	0.044	0.044
<b>Total Pressures &amp; Investments for Legal &amp; Democratic Services</b>	<b>0.044</b>	<b>0.044</b>	<b>0.044</b>

# EFFICIENCIES

## Organisational Change Corporate Value for Money Programme

	2014/15	2015/16	2016/17
	£m	£m	£m
Procurement	0.019	0.019	0.019
Back to Basics	0.002	0.002	0.002
<b>Total for Legal &amp; Democratic Services</b>	<b>0.021</b>	<b>0.021</b>	<b>0.021</b>

# EFFICIENCIES

## Organisational Change Functional Value for Money Efficiencies

	2014/15	2015/16	2016/17
	£m	£m	£m
Review provision of support	0.031	0.141	0.141
Shared conveyancing service	0.060	0.060	0.060
<b>Total for Legal &amp; Democratic Services</b>	<b>0.091</b>	<b>0.201</b>	<b>0.201</b>



# Chief Executive

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# INFLATION

## Inflation

£m

## Pay

Pay Inflation from April 2014 (1%)

0.013

**Total Inflation for Chief Executive**

**0.013**

# EFFICIENCIES

## Organisational Change Corporate Value for Money Programme

	2014/15	2015/16	2016/17
	£m	£m	£m
Procurement	0.004	0.004	0.004
Back to Basics	0.002	0.002	0.002
<b>Total for Chief Executive</b>	<b>0.006</b>	<b>0.006</b>	<b>0.006</b>



# EFFICIENCIES

## Organisational Change Functional Value for Money Efficiencies

	2014/15	2015/16	2016/17
	£m	£m	£m
Clwyd Theatr Cymru	0.055	0.055	0.055
Policy, Partnerships and Performance	0.075	0.075	0.075
Reduced production of 'Your Community Your Council'	0.040	0.040	0.040
<b>Total for Chief Executive</b>	<b>0.170</b>	<b>0.170</b>	<b>0.170</b>

# PRIOR YEARS DECISIONS

## APPROVED 2013/14 BUDGET

£m

Emergency Planning - collaborative working	(0.025)
Supplies and Services	0.010
Joint Working - costs reduction	0.002
Alterations / Improvements reductions - future agile working	0.002
Employee Safety Measures - reduced demand on budget	(0.005)
Community Strategy / LSB partnership - reduction in planned requirements	(0.005)
<b>Total Prior Years Decisions for Chief Executive</b>	<b><u>(0.021)</u></b>



# 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

3<sup>rd</sup> February

- » Corporate Resources (all Members)
  - » Revenue – review of feedback & budget update
  - » Capital Programme

18th February

Cabinet and Council