



# Budget 2014/15

## Council Fund Revenue

---

County Council  
18<sup>th</sup> February 2014

# Content

- » National Context and Local Impact
- » Budget Strategy
- » Organisational Redesign & Change
- » Financial Strategy
- » Closing the budget gap
- » Final budget proposals
- » Investment Strategy
- » Reserves and Balances
- » Risk Assessment and Assurance
- » 2015/16 and the Medium Term

# 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 £16.5m
- » Unprecedented scale of planning for the Council
- » Approach to the 2014/15 budget organised to deal with a changed set of circumstances
- » Member Workshops in addition to formal Scrutiny Committees to share information, aid understanding and seek support for the developing strategy

# Budget Strategy

- » Protection of local services as a first priority
- » More challenging reduction of operating costs and overheads
- » Reorganisation of the Council with a marked reduction in management costs
- » Reduction of overall workforce costs
- » Remodelling of some Council functions
- » Building a longer term financial plan based on optimum efficiency

# 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)

# Financial Strategy

- » Challenging review of all financial assumptions
- » Risk based approach to likelihood and level of costs
- » Clear targets set for efficiencies required from Organisational Redesign and Change Programme
- » Integration of revenue costs with capital programme
- » Investment Strategy to:
  - » Deliver efficiencies
  - » Recognise the timescales to implement
- » 2014/15 budget set within the context of the MTFP

# Closing the budget gap - progress

	£m
Medium Term Financial Plan - 30th Sept 2013	16.500
Initial Budget proposals - 21st Jan 2014	0.915
Corporate Resources Scrutiny - 3rd Feb 2014	0.450
Final Budget proposals - 18th Feb 2014	0.000

# Closing the budget gap – final stages

	£m		£m
<b>Shortfall as per draft budget report 21 January</b>			<b>0.915</b>
<b>Add:</b>			
MATRIX - Agency Rebates	0.115		
Flintshire Futures Programme - Assets Review	0.060		
			0.175
<b>Less:</b>			
Housing Benefit Subsidy/Discretionary Housing Payments	-0.380		
Specific Grants Adjustment	-0.170		
			-0.550
<b>Shortfall as shown at CROSC 3rd February</b>			<b>0.540</b>



# Closing the budget gap – final stages

<b>Shortfall as shown at CROSC 3rd February</b>			<b>0.540</b>
<b>Corporate Efficiencies</b>			
Procurement	0.060		
Back to Basics	0.064		
			0.124
<b>Functional Efficiencies</b>			
Central Loans and Investment Account - based on in-year underspend	0.145		
Library Book Fund - reduction based on previous year underspends	0.050		
Youth Service - further reduction in management costs	0.049		
Inclusion Service - further reduction in management costs	0.012		
			0.256
Workforce: costs of employment (See appendix 6c)			0.160
<b>Shortfall</b>			<b>0.000</b>

# Closing the budget gap - overview

	£m	£m
Medium Term Financial Plan - 30th Sept 2013		16.500
<b>Less:</b>		
Settlement & revisions to assumptions / projections	1.520	
Contribution from base to Investment Strategy not required	<u>1.580</u>	3.100
		<b>13.400</b>
<b>Met from:</b>		
Efficiencies - 2014/15 impact	11.950	
Bridging in 2014/15 to the full year impact	<u>1.450</u>	<b>13.400</b>

# Efficiencies in the Budget

	2014/15 £m	Full Year £m
<b>Organisational Design</b>		
Structure & Operating Model	1.4	2.0
Workforce Scale Review	1.5	1.5
Other workforce costs	0.2	0.2
	<b>3.1</b>	<b>3.7</b>
<b>Value for Money</b>		
Corporate	1.3	1.3
Functional	7.5	8.4
	<b>8.8</b>	<b>9.7</b>
<b>Total</b>	<b>11.9</b>	<b>13.4</b>

# Investment Strategy

- » Distinct from balancing the base budget
- » One-off money to achieve the efficiencies in the base budget :
  - » Up front costs – e.g. cost of reducing workforce numbers, investment in technology
  - » Bridging finance – recognising the timing of the implementation of change in the first year
- » Base Budget and Investment Strategy are both essential to enabling change and go hand in hand

# Investment Strategy

	£m
<b>Funding</b>	
Contingency Reserve (M8)	3.700
Single Status / Equal Pay	3.750
	<b>7.450</b>
<b>Investment Costs</b>	
Workforce and VFM	4.800
Bridging	1.450
	<b>6.250</b>
<b>Balance</b>	<b><u>1.200</u></b>
<b>Review of Reserves &amp; Balances</b>	<b>3.100</b>

# Investment Strategy

- » Investment costs are fully funded
- » Reserves & balances identified:
  - » mitigates any risk from equal pay capitalisation not being finalised until after budget set
  - » enables the planned budget contribution of £1.580m for organisational change costs in 2014/15 not to be needed
- » Investment funding will be required for:
  - » Contingency against in-year pressures – demand levels, new issues arising, timing of delivery of the change plan
  - » In year & future years implementation of a rolling programme of organisational change as the pressure on budgets continues

# Reserves and Balances

- » In addition to the resources identified for the Investment Strategy, the Council holds:
- » Base level of Reserves - £5.834m
- » Earmarked Reserves
  - » Opening Balance - £35.060m
  - » Closing Balance (estimated) - £14.828m
  - » Major factor is the implementation of Single Status
- » Schools Balances - £1.400m

# Risk Assessment & Assurance

- » Equalities impact assessment integral to the budget
- » Robust approach to calculation of amounts included for pressures & efficiencies:
- » Chief Finance Officer Assessment
  - » estimates, investment strategy and reserve levels are reasonable and affordable
- » Chief Executive Assessment
  - » confidence that efficiency targets are achievable but decisive action and achievement of deadlines set is needed at each step



# 2015/16 and the Medium Term

- » Fiscal constraint and uncertainty will continue in the medium to long term – potentially 2020
- » Stability to achieve the most effective use of resources is made extremely difficult against such a background
- » A medium term forecast from WG that we could plan on with certainty would be a major help
- » The organisational change programme will reduce operating and employment costs, but options for further reductions will reduce over time
- » Action is needed to plan now for 2015/16 onwards and we have to plan our own destiny

# Consultation in 2014 for 2015+

- » Alternative future models for selected services
- » Extended collaboration within the public sector
- » Extended commissioning and buying-in
- » Locality based services
- » Local assets and community asset transfers
- » Community responsibility and ownership
- » Roles and responsibilities of town and community councils and the voluntary sector
- » Public expectation and demand
- » Charging and cost recovery



# **Budget 2014/15**

## **Council Fund Revenue**

### **Discussion**