

**APPENDIX 2**

**Priority: Modern and Efficient Council**  
**Sub-Priority: Financial Strategy**  
**Impact: Protecting local frontline public services and delivering Council priorities through the best use of our resources**

**What we said we would do in 2014/15: -**

**1. Develop a longer term financial plan.**

Progress Comment	Progress RAG	A	Outcome RAG	A
<p><b>What we did in 2014/15:-</b> The Medium Term Financial Plan (MTFP) was reviewed thoroughly to (1) forecast the financial resources to be available to the Council during the period 2015/16 – 2017/18, and the budget pressures, based on the best available intelligence and (2) project the collective efficiency targets to be set to enable the corporate and portfolio targets to be re-set.</p>				
<p><b>What went well:-</b> The 2015/16 budget was approved by County Council through the identification of £18.3m of efficiencies and good progress was made on reviewing and refreshing the MTFP with a view to reporting in the early summer.</p>				
<p><b>What did not go so well:-</b> The uncertainty around the level of revenue support grant to be received from Welsh Government (in 2015/16 and beyond) made financial planning arrangements very difficult. Whilst achieving a balanced budget for 2015/16 there is further work to do to reach a longer term balanced and sustainable plan.</p>				
<p><b>Achievement will be measured through:</b></p> <ul style="list-style-type: none"> <li>▪ A medium term financial plan which is fully reflective of anticipated funding, costs and efficiencies</li> <li>▪ The effectiveness of the plan as an aid to strategic decision making</li> <li>▪ Producing a sustainable four year plan which meets the funding gap and supports investment needs</li> </ul>				
<p><b>Achievement Milestones for strategy and action plans:</b></p> <ul style="list-style-type: none"> <li>▪ A medium term financial plan which is fully reflective of anticipated funding, costs and efficiencies by February 2015</li> <li>▪ Alignment of specified resources to Council priorities by February 2015</li> <li>▪ Producing a sustainable four year plan which meets the funding gap and supports investment needs by February 2015</li> </ul>				

**2. Agreement of the capital and revenue resources to deliver the priorities within the Improvement Plan.**

<b>Progress Status</b> Resources to deliver the 2014/15 priorities were included in the 2014/15 budget.	<b>Progress RAG</b>	<b>G</b>	<b>Outcome RAG</b>	<b>G</b>
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**What we did in 2014/15:-** The consideration and identification of available resource requirements was undertaken as part of the 2014/15 budget process.

**What went well:-** The required level of resources was included in the 2014/15 budget.

**What did not go so well:-** No comments

**Achievement will be measured through:**

- Resources being available to fund each priority and reflected in the medium term financial plan

Achievement Measures	Lead Officer	2013/14 Baseline Data	2014/15 Target	2016/17 Aspirational Target	2015 Outturn	Performance RAG	Outcome Performance Predictive RAG
IPME2M1 - Resources in place to fund 2014/15 priorities	Chief Officer - People & Resources	100%	100% for 2015/16 budget	100%	100%	<b>G</b>	<b>G</b>

**3. Deliver on the four programmes of the organisational change and efficiency programme:**

- **Corporate Efficiency:** assets, customer, finance and procurement.
- **Organisational Design:** operating model, functional and structural design, alternative delivery models.
- **Workforce Scaling:** workforce planning, workforce reduction, vacancy management, costs of employment.
- **Functional Efficiency:** value for money in all service and support functions.

<b>Progress Status</b>	<b>Progress RAG</b>	<b>A</b>	<b>Outcome RAG</b>	<b>A</b>
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**What we did in 2014/15:-** Progress on the achievement of the efficiencies has been included in the monthly budget monitoring reports to Cabinet and Corporate Resources Overview and Scrutiny Committee.

**What went well:-** For Corporate and Functional Efficiencies it is projected that £7.688m will be achieved from the £8.840m included in the budget which equates to 87%.

**What did not go so well:-** Although significant efficiencies were achieved in relation to workforce there is still a projected net underachievement of £0.211m (including Corporate Admin) due to the ambitious targets set within the budget.

**Achievement will be measured through:**

- Achieving the financial target efficiencies for each of the four programmes set for 2014/15
- Identifying further efficiency measures for 2015/16 and beyond to meet the projected funding gaps in each year
- Agreement of a corporate approach to the setting of fees and charges

**Achievement Milestones for strategy and action plans:**

- Identifying further efficiency measures for 2015/16 and beyond to meet the projected funding gaps in each year by February 2015
- Agreement of a corporate approach to the setting of fees and charges by April 2015

Achievement Measures	Lead Officer	2013/14 Baseline Data	2014/15 Target	2016/17 Aspirational Target	2014/15 Outturn	Performance RAG	Outcome Performance Predictive RAG
Achieve 85% or more of the agreed efficiencies for Corporate Efficiency included within the 2014/15 budget.	Chief Officer - People & Resources	N/A – new measure	85%	100%	87%	<b>G</b>	<b>G</b>

**Improvement Plan Progress  
Year End 2014/15**

Achieve 80% or more of the agreed efficiencies for Organisational Design included within the 2014/15 budget.	N/A – new measure	80%	100%	100%	<b>G</b>	<b>G</b>
Achieve 80% or more of the agreed efficiencies for Workforce Scaling included within the 2014/15 budget.	N/A – new measure	80%	100%	100%	<b>G</b>	<b>G</b>
Achieve 85% or more of the agreed efficiencies for Functional Efficiency included within 2014/15 budget.	N/A – new measure	85%	100%	87%	<b>G</b>	<b>G</b>
Seek alternative efficiencies for the remaining 15% (or more) for the Corporate Efficiency included within the 2014/15 budget to bring the outturn within budget.	N/A – new measure	15%	0%	TBC	<b>N/A</b>	<b>N/A</b>
Seek alternative efficiencies for the remaining 20% (or more) for the Organisational Design efficiency included within the 2014/15 budget to bring the outturn within budget.	N/A – new measure	20%	0%	TBC	<b>N/A</b>	<b>N/A</b>
Seek alternative efficiencies for the remaining 20% (or more) for the Workforce Scaling efficiencies included within the 2014/15 budget to bring the outturn within budget.	N/A – new measure	20%	0%	TBC	<b>N/A</b>	<b>N/A</b>
Seek alternative efficiencies for the remaining 15% (or more) for the Functional Efficiency efficiencies included within 2014/15 budget to bring the outturn within budget.	N/A – new measure	15%	0%	TBC	<b>N/A</b>	<b>N/A</b>

**Risks to be managed: –**

**Uncertainty in the level of Welsh Government Funding which represents 80% of the funding of council services  
Ensuring that capital and revenue resources are sufficient to operate effectively**

The financial settlement from Welsh Government for 2015/16 was confirmed as a 3.4% reduction. The risk is now closed for 2015/16 but for future settlements remains high.

Gross Score (as if there are no measures in place to control the risk)			Current Actions / Arrangements in place to control the risk	Net Score (as it is now)			Future Actions and / or Arrangement to control the risk	Manager Responsible	Risk Trend	Target Score (when all actions are completed / satisfactory arrangements in place)			
Likelihood	Impact	Gross Score		Likelihood	Impact	Gross Score				Likelihood	Impact	Gross Score	Target Date
(L)	(I)	(LxI)		(L)	(I)	(LxI)				(L)	(I)	(LxI)	
H	H	R	<p>Resources for 2014/15 priorities included in the budget.</p> <p>Continued monitoring of budget to ensure resources are sufficient to enable effective operation.</p> <p>Lobby WG for an allocation of any Chancellor's consequential's to supplement the local government settlement for 2015/16.</p> <p>Continue to lobby WG for earlier and timelier indications of future indicative settlements to enable effective and longer term financial planning to be undertaken.</p>	M	M	A	<p>Build on existing business plans that identifying future revenue and capital needs. Clearly identify these needs in future iterations of the MTFP and annual budget proposals for member consideration.</p> <p>Maximise resources available through the use of creative delivery models and identification of further models.</p>	Chief Executive & Corporate Finance Manager	↓	M	H	R	Jun '14

**Risk Progress Summary for 2014/15**

This risk is now closed due to the fact that the Welsh Government notified welsh councils of the level of core funding for 2015/16 as part of the Final Local Government Settlement in December 2014.

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**Risks to be managed: -**

**Gaining Agreement to the financial strategy**

**Gaining agreement to further efficiency measures from 2015/16 onwards**

The financial settlement from Welsh Government for 2015/16 was confirmed as a 3.4% reduction and a balanced budget was approved by County Council in February. The risk for 2016/17 and beyond however remains high.

Gross Score (as if there are no measures in place to control the risk)			Current Actions / Arrangements in place to control the risk	Net Score (as it is now)			Future Actions and / or Arrangement to control the risk	Manager Responsible	Risk Trend	Target Score (when all actions are completed / satisfactory arrangements in place)			
Likelihood	Impact	Gross Score		Likelihood	Impact	Gross Score				Likelihood	Impact	Gross Score	Target Date
(L)	(I)	(LxI)		(L)	(I)	(LxI)				(L)	(I)	(LxI)	
H	H	R	<p>Member workshops took place in Oct/Nov to consider budget position and options. Initial budget proposals to Cabinet in December 2014.</p> <p>Ongoing detailed working with the Leadership and Cabinet.</p> <p>Ongoing public engagement and consultation regarding future service provision.</p>	M	M	A	<p>Effective management of the budget process throughout January 2015 including Scrutiny consideration.</p> <p>Completion of options to close the finance gap for 2015/16.</p> <p>Council agreement to the 2015/16 budget proposed by Cabinet in February 2015.</p> <p>Completion of public engagement and consultation work in support of the budget process.</p>	Chief Executive & Corporate Finance Manager	↓	M	H	R	Oct '14

**Risk Progress Summary for 2014/15**

The risk for 2015/16 is now closed due to a balanced budget being agreed by County Council, although the risk for future years remains high.

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**Risk to be managed – Delivery of the 2014/15 efficiency savings in full**

Progress is monitored and reported to Cabinet and Corporate Resources Overview and Scrutiny Committee monthly in the Budget Monitoring reports and the projected impact on the 2015/16 budget was reflected in the final proposals.

Gross Score (as if there are no measures in place to control the risk)			Current Actions / Arrangements in place to control the risk	Net Score (as it is now)			Future Actions and / or Arrangement to control the risk	Manager Responsible	Risk Trend	Target Score (when all actions are completed / satisfactory arrangements in place)			
Likelihood	Impact	Gross Score		Likelihood	Impact	Gross Score				Likelihood	Impact	Gross Score	Target Date
(L)	(I)	(LxI)		(L)	(I)	(LxI)				(L)	(I)	(LxI)	
H	H	R	<p>Detailed ongoing monitoring and reporting of progress on all efficiencies included in the budget are reported to Members monthly in Budget Monitoring reports.</p> <p>The budget monitoring reports include a detailed appendix on all efficiencies which provide information on specific areas and their level of achievement.</p>	M	M	A	The projected impact on the 2015/16 budget has been reflected in the final budget proposals to Cabinet in Feb.	Corporate Finance Manager	↔	M	M	A	June 2014

**Risk to be managed – Gaining agreement to a new corporate approach for fees and charges**

Gross Score (as if there are no measures in place to control the risk)			Current Actions / Arrangements in place to control the risk	Net Score (as it is now)			Future Actions and / or Arrangement to control the risk	Manager Responsible	Risk Trend	Target Score (when all actions are completed / satisfactory arrangements in place)			
Likelihood	Impact	Gross Score		Likelihood	Impact	Gross Score				Likelihood	Impact	Gross Score	Target Date
(L)	(I)	(LxI)		(L)	(I)	(LxI)				(L)	(I)	(LxI)	
H	H	R	More co-ordinated and challenging review of fees and charges as part of the 2015/16 budget proposals.	M	M	A	Cabinet and Scrutiny consideration (January 2015): - 1. Leading to development of a Corporate Fees and Charges policy. 2. Setting of challenging income strategies.	Corporate Finance Manager	↓	M	M	A	Oct 2014

**Progress Summary for 2014/15**

As part of the 2015/16 budget strategy the council has undertaken significant work in evaluating all of its fees and charges as part of its developing income strategy. The outcome of this work was that £2.3m was able to be identified as a contribution to the significant budget gap and included in the 2015/16 budget.

The next steps in this process is the formal adoption of a corporate fee setting policy.