

Council Fund Budget 2017/18

**Cabinet and County Council
15 November 2016**



Purpose of the Presentation

- » To provide an update on planning the 2017/18 Council Fund Budget and closing the 'gap'
- » To recommend for adoption the Service Portfolio Business Plan proposals for 2017/18 (Part 1 of the Strategy)
- » To update and seek endorsement on the Corporate Financial Stewardship proposals (Part 2 of the Strategy) for review by Overview and Scrutiny



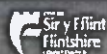
The On-going Strategy

- » **A clear and purposeful Medium Term Financial Plan** – 3 part strategy over 3 years
- » **Part 1 Service Reform** – Portfolio Business Plan efficiencies (2017/18 is year 3 of 3)
- » **Part 2 Corporate Financial Stewardship** - Work ongoing to identify further efficiencies from areas such as financing of debt, cost pressure management etc.
- » **Part 3 Working with Welsh Government** – making the case for an improved financial settlement for local government and for Flintshire



A Critical Point for Flintshire

- » Concentration has been on closing the budget 'gap' for 2017/18 through the 3 part Strategy
- » Next MTFs is due – to be supported by a new round of Service Business and Corporate Plans
- » The cumulative effort of year-on-year organisational change and service reform has exhausted the scope for sizeable savings
- » Attention is shifting to local government funding reform and national funding strategy at both UK and Wales funding limits
- » The Flintshire budget is unsustainable - under the current formula – with the known cost pressures



The Projected 'Budget Gap' 2017/18

	2017/18
Expenditure	£m
National Pressures	0.7
Local Pressures	6.2
Inflation	3.1
Workforce Pressures	4.1
Income	
Reduction in Revenue Support Grant	2.8
Council Tax Increase	(2.5)
Projected Gap	14.40

Where we left off in September

- » Service Portfolio Business Planning proposals of £5.921m (Overview and Scrutiny Committees broadly supportive of the suite of proposals)
- » Corporate Financial Stewardship review itemised list shared (with work ongoing)
- » Working with Welsh Government (national discussions live both on the collective local government and local cases)

Service Portfolio Business Plans – Part 1

Update on Business Plans



Service Reform – Business Plans

- » Portfolio Business Planning efficiencies of £5.743m for 2017/18 (Year 3 of 3)
- » Total of £24m over the 3 years (Year 1 - £10.5m; Year 2 - £7.8m)
- » 30% approximate reductions for all portfolios except Education (Schools) and Social Care
- » Business Plans to be updated by at the limit of financial efficiencies or 'maxed out'



Final Changes to Proposals

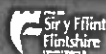
Community and Enterprise Portfolio

- » Council Tax Premium for long-term empty properties and second homes (reduction of £0.500m)
- » Housing Benefit Restructure (reduction of £0.060m)
- » Council Tax Reduction Scheme (Increase of £0.200m)
- » Single Person Discount Review (Increase of £0.132m)
- » Galw Gofl - Regional Call Centre (Increase of £0.020m)
- » Flintshire Connects (Increase of £0.030m)



Corporate Financial Stewardship – Part 2

Update on Proposals



Conclusions of Work to Date

Description	£m
Council Tax Base Increase	0.345
Independent Living Fund (ILF)	0.412
Transition to Adulthood	0.162
Flint Extra Care Scheme	0.170
Schools Investment	0.400
Apprentice Tax Levy	0.470
Central Loans and Investment Account (CLIA)	2.690
Total	4.649



New and Emerging Pressures

- » Non Domestic Rates Revaluation (£0.127m)
- » Welsh Language Standards (£0.035m)
- » Members Allowances (£0.007m)
- » Landfill Sites – Gas Engine Income (£0.150m)
- » Workforce Costs – Unachieved Efficiency (£0.278m)
- » Total for 2017/18 of £0.597m



Ongoing Work

- » Outcome of Triennial Actuarial Review
- » Auto-Enrolment into the Local Government Pension Scheme
- » Income Strategy and local taxation levels
- » Review of potential for the use of reserves and balances



Working with Welsh Government – Part 3

Update on Developments



Key National Discussion Points

- » The need for national medium term financial planning
- » The evidential case has led to Welsh Government to set a 'flat-line' budget for 2017/18
- » Reform of specific grants and recognition of their critical importance for key services
- » Relaxing charging levels for services e.g. domiciliary care 'cap' and giving councils local discretion
- » Cost pressures of national legislation and policy
- » Recognition of the workforce cost impacts of the Living Wage
- » Local retention of Business Rate income growth



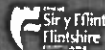
Impact of the Provisional Settlement

- » Improved position than the forecast reduction of 1.5% - funding broadly 'flat-lined' at the same level as 2016/17 (after adjustments)
- » A positive impact of £2.8m on the MTFS
- » Final Settlement due in December 2016



Domiciliary Care – Charging Levels

- » No confirmation yet from Welsh Government of policy intentions to increase the cap from £60.00 per week
- » An announcement is imminent with an expectation that cap may increase to around £80.00 per week or an alternative solution
- » For Flintshire income would grow up to £0.500m



Summary of Overall Budget Position

Description	£m
Projected Budget "gap"	14.4
Less:	
Portfolio Business Plans	(5.7)
Corporate Financial Stewardship	(4.6)
Provisional Settlement	(2.8)
Add:	
New and Emerging Pressures	0.6
Remaining Budget "Gap"	1.9



Budget Closing Stages

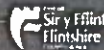
15th November – Cabinet to recommend Portfolio Business Planning proposals and consider Stage two Corporate Financing Options

15th November - Council requested to approve Portfolio Business Planning proposals

30th November – Corporate Financing Options to be considered by Corporate Resource Overview and Scrutiny Committee

6th December – Council requested to approve Corporate Financing proposals

February 2017 – final approval of budget by Council



The Medium Term

National

- » Chancellor's key first budget statement
- » Pressure for the review and reform of local government funding
- » Fairness and sustainability of the funding formula
- » Social services cost pressures and the state of the provider market

Local

- » Ongoing review of the MTFS
- » Next round of Service Business and Corporate Plans

