

MTFS and Council Budget 2021/22

Environment and Economy,
& Streetscene
Overview & Scrutiny
November 2020



Financial Forecast 2021/22



Financial Forecast for 2021/22

- » Appendix 1 provides a detailed list of cost pressures included in the forecast
- » Forecast minimum requirement significantly increased from the forecast of £9-10m for 2021/22 reported to Council in February
- » This is a forecast and not a budget at this stage
- » It does not become a budget until it is (1) refined (2) choices are made and (3) there are funding solutions
- » The forecast shows a range of possible figures – line by line - from lower to middle to higher
- » All estimates are backed up by *Method Statements*

Forecast for 2021/22

- » No assumptions are made on local taxation at this point
- » Fees and charges are as now and will be subject to indexation as per the *Council Policy for Fees and Charges*
- » There are no local budget choices presented at this stage
- » There are no efficiencies of scale available to us – the situation has not changed since we set the last annual budget – in fact the opposite is true. We have warned of the need to have safe and resilient services – the experience of the emergency has illustrated what resilience is, and why it is needed

The Future – What we advised back in February

- » For the Council to be sustainable future local government settlements will need to have in-built minimum 4% annual increases
- » Specific grants need to be stable and index-linked
- » 3 year forward planning by Governments is needed
- » The sustainability of Council budgets will be under serious threat without the above
- » There are no local service choices or corporate financing options of scale remaining
- » Early planning for 2021/22 - 2023/24 underway with an updated forecast planned for May

Cost Pressures 2021/22



Summary Totals of Cost Pressures

Summary of Pressures	21 / 22		
	L	M	T
	£m	£m	£m
Prior Year Decisions/Approvals	1.257	1.257	1.257
Income Loss	0.708	0.876	1.261
Legislative/Unavoidable Indexation Pressures	0.576	0.576	0.576
National Resolution Pressures	3.652	4.359	7.079
National Funding Requirement (Pay)	5.787	6.949	8.073
Strategic Decisions	2.444	5.619	9.090
Total Pressures	14.423	19.636	27.336

Streetscene and Transportation Portfolio

Specific Cost Pressures (1)

Pressure Title	£m	Note
Loss of Income		
• Reduced Energy Sales – Reduction in gas generation	0.120	1.
• Recyclate Markets– volatility in price and volume	0.299 - 0.730	2.
Strategic Decisions		
• School Transport – General	0.163	3.
• School Transport - Closure of John Summers	0.050	4.
• Post 16 Transport	0.047	5.
• Social Services Adults Transport	0.063	6.
• Social Services Children's Transport	0.044	7.
• Ash Dieback	0.060	8.
• Business Manager – Streetscene	0.072	9.



Streetscene and Transportation Portfolio

Specific Cost Pressures (2)

1. Reduced Energy Sales; The sale of energy is dependent upon the rate of gas extraction from the former landfill sites. The production of gas has gradually declined and thus the associated sales revenue is not being delivered.
2. Recyclate Markets; The market for paper and cardboard recycling has seen significant change over the past year with recycling plants being saturated by volumes collected nationally as part of normal Local Authority waste collection.
3. School Transport; Each year the number of school days varies and in 2021-22 will include 7 such days. In order to strengthen the sustainability and resilience of the underlying financial position, in future years a level of headroom will be created that will allow for such and other future fluctuation in the underlying cost of the service.



Streetscene and Transportation

Portfolio Specific Cost Pressures (3)

4. School Transport; Due to the requirement for additional transport to be provided for the reallocation of pupils to alternative schools, this additional cost has arisen and will be required on an ongoing basis.

5. Post-16 Transport; Due to an amendment to Welsh Government Guidance around the charging for pupils attending college, this pressure has arisen and will require funding going forward. The amendment related to the eligibility of charging for transport provided in non-DDA compliant vehicles, the operator base across Flintshire unfortunately is currently non-compliant.

6. Social Services Adults Transport; due to an increase in requests for transport and additional cost of complex support required for adults, this pressure has arisen and is ongoing.



Streetscene and Transportation

Portfolio Specific Cost Pressures (4)

7. Social Services Children's Transport; this pressure has arisen due to both an increase in requests and an increase in distances travelled dependent upon where children are placed. This is due to the length of a number of new routes now required.

8. Ash Die Back; Following a revision to National guidance on the prevalence of the disease, this pressure has reduced from that initially indicated. A programme of managed testing will take place with priority on removal of the most impacted trees from the roadside.

9. Business Manager – Streetscene; this post will lead on the identification, quantification and implementation of service efficiencies across the Portfolio. The post holder will be instrumental in assuring the affordability and sustainability of services in the medium to longer term.

Planning Environment & Economy Portfolio

Specific Cost Pressures (1)

Pressure Title	£m	Note
Prior Year Decisions / Approvals		
<ul style="list-style-type: none"> Unrealised Efficiency – Market Review 	0.035	1.
Loss of Income		
<ul style="list-style-type: none"> Markets – Scale of markets reducing 	0.074 - 0.114	2.
<ul style="list-style-type: none"> Pest Control – Reduction in customer led demand 	0.040 - 0.052	3.
Legislative / Unavoidable Indexation Pressures		
<ul style="list-style-type: none"> Private Water Supplies 	0.104	4.
<ul style="list-style-type: none"> SuDS 	0.112	5.



Planning Environment & Economy Portfolio

Specific Cost Pressures (2)

1. Previous efficiency following Market Review not deliverable due to decline in markets popularity and reducing footfall in town centres
2. Pressure on Markets Income targets following a decline in the number and scale of street markets
3. Pressure on Pest Control annual income target
4. Additional resource to meet statutory obligations under Private Water Supplies (Wales) Regulations 2017
5. Additional resource to operate as a SuDS Approving Body (SAB)

Strategic Solutions



Three Part Solutions and Risk-Taking

- » Service transformations and efficiencies – low possibilities and a realistic minimum £1m assumed as a contribution to the budget gap
- » Taxation and income – up to £5m as a realistic maximum
- » Government funding – high reliance on national RSG and specific grant funding as the predominant solution
- » Taking some 'open risks' in-year – on variable cost pressures - with limited budget protection

National Position and Funding (1)

Welsh Government depended upon to meet the following in full (shown at low estimate levels):-

- » Legislative Cost Pressures: £0.391m
- » CTRS/Council Tax Collection Levels: £1.772m
- » Social Care Commissioning: £1.880m
- » Pay Awards: £5.787m
- » Total: £9.830m
- » A general uplift in RSG and specific grants is also needed for indexation, a sustainable schools system e.g. ALN and FSM, depleted income e.g. school transport charging, and capital borrowing costs

National Position and Funding (2)

- » A national survey to capture the sum total of cost pressures across all Welsh Councils has been undertaken through the Welsh Local Government Association (WLGA)
- » The outcome of this work will be analysed and shared with Welsh Government to help support the case for adequate funding uplifts to meet rising inflationary impacts and service demands

Potential Funding Scenarios

Gap at the Lower Level	14.423	14.423	14.423	14.423	14.423	14.423
Percentage Increase	0%	1%	2%	3%	4%	5%
	£m	£m	£m	£m	£m	£m
RSG	0	1.994	3.988	5.982	7.975	9.969
Efficiencies	1.000	1.000	1.000	1.000	1.000	1.000
Council Tax	0.677	1.550	2.423	3.296	4.169	5.041
Total Potential Funding	1.677	4.544	7.411	10.278	13.144	16.010
Remaining Gap	12.746	9.879	7.012	4.145	1.279	(1.587)

Budget Timetable

Date	Event
November	Overview and Scrutiny Committees
15 December	Cabinet
21 December	WG Draft Budget
22 December	Provisional Local Government Settlement
23 December	Cabinet and all Member Briefing
19 January	Cabinet
16 February	Cabinet and Council
2 March	WG Final Budget/Settlement

Support and Challenge Today

- » review of all cost pressures
- » advise on risk-taking on Low, Medium and High budgeting scenarios
- » advise on any efficiency options to explore
- » advise on local taxation policy
- » advise on expectations of Governments
- » advise on messages for public communications