

## ORGANISATIONAL CHANGE OVERVIEW AND SCRUTINY COMMITTEE

<b>Date of Meeting</b>	Friday, 2 November 2018
<b>Report Subject</b>	Budget 2019/20 – Stage 2 proposals
<b>Cabinet Member</b>	Leader of the Council and Cabinet Member for Finance, Cabinet Member for Streetscene and Countryside and Cabinet Member for Planning and Public Protection
<b>Report Author</b>	Corporate Finance Manager, Chief Executive, Chief Officer (Housing and Assets)
<b>Type of Report</b>	Strategic

### EXECUTIVE SUMMARY

A report to Cabinet in April provided the first detailed overview of the financial forecast for 2019/20. At that stage the projected budget gap stood at £12.2m; this reduced to £10.6m when taking account of the accounting policy change of the Minimum Revenue Provision (MRP) and the impact of the stepped annual increase in the charging cap for domiciliary care.

Member Workshops were held on 13 and 23 July and a further one held on 18 September. At these sessions members were updated on latest local financial forecast in the context of the overall national position. A report to Cabinet on 25 September provided an update on the financial forecast for 2019/20 detailing a projected budget gap of £13.7m.

The Welsh Local Government Provisional Settlement was received on 9 October and advised of a 1% reduction in funding. This will impact negatively on the forecast gap for 2019/20 and further verbal advice will be provided at the meeting.

An additional workshop specifically for this committee was held on 11 October and provided members with an opportunity to understand portfolio budgets in more detail. The risks and resilience levels of service areas was also considered at this session and detailed resilience statements have been prepared for each service area. These statements confirmed that there is very limited scope for any further operational efficiencies within the Portfolio.

As in recent years the budget for 2019/20 will be considered in stages and this report advises of the pressures and efficiencies identified as part of the first stages.

## RECOMMENDATIONS

1	That the Committee reviews and comments on the portfolio pressures and investments.
2	That the Committee reviews and comments on the portfolio efficiency options.

## REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE FINANCIAL FORECAST AND STAGE ONE BUDGET PROPOSALS</b>
1.01	A report to Cabinet in April provided the first detailed overview of the financial forecast for 2019/20. At that stage the projected budget gap stood at £12.2m; this reduced to £10.6m when taking account of the accounting policy change of the Minimum Revenue Provision (MRP) and the impact of the stepped annual increase in the charging cap for domiciliary care.
1.02	Member Workshops were held on 13 and 23 July and a further one held on 18 September. At these sessions members were updated on latest local financial forecast in the context of the overall national position. A report to Cabinet on 25 September provided an update on the financial forecast for 2019/20 detailing a projected budget gap of £13.7m.
1.03	The Welsh Local Government Provisional Settlement was received on 9 October and advised of a 1% reduction in funding. This will impact negatively on the forecast gap for 2019/20 and further verbal advice will be provided at the meeting.
1.04	An additional workshop specifically for this committee was held on 11 October and provided members with an opportunity to understand portfolio budgets in more detail. The risks and resilience levels of service areas was also considered at this session and detailed resilience statements have been prepared for each service area. These statements confirmed that there is very limited scope for any further operational efficiencies within the Portfolio
1.05	As in recent years the budget for 2019/20 will be considered in stages and this report advises of the pressures and efficiencies identified as part of the first stages.
1.06	<b>Portfolio Pressures and Investments</b>  There are no Pressures or Investments currently identified within this area.

1.07	<p><b>Portfolio Business Planning Efficiencies</b></p> <p>The following efficiencies have been identified by the Portfolios formerly known as Organisational Change 1 for 19.20:</p> <table data-bbox="319 309 1212 459"> <tr> <td>AURA</td> <td>£0.338m</td> </tr> <tr> <td>NEWYDD</td> <td>£0.061m</td> </tr> <tr> <td><b>Total –</b></td> <td><b><u>£0.399m</u></b></td> </tr> </table> <p>Efficiencies of £1.749m have been identified for Aura, Newydd and CATs for the period 2016/17 – 2018/19.</p> <p>Efficiencies of £0.968m have been identified within this portfolio formerly known as Organisational Change 2 for the period 2016/17 – 2018/19.</p> <table data-bbox="319 712 1212 896"> <tr> <td>Caretaking</td> <td>£0.191m</td> </tr> <tr> <td>Valuations &amp; Estates</td> <td>£0.309m</td> </tr> <tr> <td>Corporate Property Maintenance &amp; Design</td> <td>£0.468m</td> </tr> <tr> <td><b>Total –</b></td> <td><b><u>£0.968m</u></b></td> </tr> </table>	AURA	£0.338m	NEWYDD	£0.061m	<b>Total –</b>	<b><u>£0.399m</u></b>	Caretaking	£0.191m	Valuations & Estates	£0.309m	Corporate Property Maintenance & Design	£0.468m	<b>Total –</b>	<b><u>£0.968m</u></b>
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1.08	<p><b>Budget Process and Timeline</b></p> <p><b>National Budget Timetable</b></p> <ul style="list-style-type: none"> <li>- Provisional Welsh Local Government Settlement – received on 9 October</li> <li>- Chancellor’s Autumn Statement – scheduled for 29 October</li> <li>- Final Settlement – scheduled for 19 December</li> </ul>														
1.09	<p><b>Local Budget Timetable</b></p> <p>Stage 1 : Corporate Solutions</p> <ul style="list-style-type: none"> <li>- Corporate Resources and Cabinet – October</li> <li>- Council – November</li> </ul> <p>Stage 2 : Service Portfolio Solutions</p> <ul style="list-style-type: none"> <li>- Overview and Scrutiny workshops and formal meetings – October</li> <li>- Cabinet and Council – November/December</li> </ul> <p>Stage 3 : National Solutions</p> <ul style="list-style-type: none"> <li>- Cabinet, Corporate Resources and Council – December/January</li> </ul> <p>Final Budget Setting – Cabinet and Council – 19 February 2019</p>														
2.00	<p><b>RESOURCE IMPLICATIONS</b></p>														
2.01	<p>As set out in the report.</p>														

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	As set out in the report.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	As set out in the report.

<b>5.00</b>	<b>APPENDICES</b>
5.01	None.

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p><i>Member Workshop Slides 13, 23 July 2018 and 18 September 2018</i>  <i>Portfolio Risk and Resilience Statements</i>  <i>Method Statements for Portfolio pressures</i>  <i>Method Statements for Portfolio Business Plan Efficiencies</i></p> <p><b>Contact Officer:</b> Gary Ferguson, Corporate Finance Manager  <b>Telephone:</b> (01352) 702271  <b>E-mail:</b> <a href="mailto:gary.ferguson@flintshire.gov.uk">gary.ferguson@flintshire.gov.uk</a></p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Specific Grants:</b> An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.</p> <p><b>Annual Settlement:</b> the amount of its funds the Welsh Government will allocate annually to local government as a whole, as part of its total budget and to individual councils one by one. The amount of Revenue Support Grant each council will receive is based on a complex distribution formula for awarding Aggregate External Finance (AEF). The formula is underpinned by assessments of local need based, for example, of population size and demographics and levels of social deprivation.</p> <p><b>Financial Year:</b> the period of 12 months commencing on 1 April</p> <p><b>Revenue:</b> a term used to describe the day to day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.</p> <p><b>Budget:</b> a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.</p>