



CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	15 November 2018
Report Subject	Budget 2019/20 – Stage 2 Proposals – All Portfolios
Cabinet Member	Leader of the Council and Cabinet Member for Finance
Report Author	Corporate Finance Manager, Chief Executive
Type of Report	Strategic

EXECUTIVE SUMMARY

The annual budget is developed in three stages. Stage 1 covers corporate finance and the costs of the whole organisation. Stage 2 covers the service portfolios. Stage 3 covers engagement with the Welsh Government on the Local Government Settlement and national financial support and solutions.

This report summarises the outcomes of the Stage 2 work with the Overview and Scrutiny Committees. Each of the five Committees have reviewed in formal meetings the cost pressures and investments, and efficiencies proposed for their respective portfolio for 2019/20. These meetings, held throughout October and November, followed the earlier portfolio specific member workshops.

In summary the Committees have recommended adoption of the suite of cost pressures and investments, and efficiencies without exception.

RECOMMENDATIONS

1	That the Committee receives and supports the recommendations of the five Overview and Scrutiny Committees.
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REPORT DETAILS

1.00	EXPLAINING THE FINANCIAL FORECAST AND STAGE TWO BUDGET PROPOSALS
1.01	Each of the five Overview and Scrutiny Committees have reviewed in formal meetings the cost pressures and investments, and efficiencies proposed for their respective portfolio for 2019/20. These meetings, held throughout October and November, followed the earlier portfolio specific member workshops. In summary the Committees have recommended adoption of the suite of cost pressures and investments, and efficiencies without exception. These cost pressures and investment, and proposed efficiencies, are set out in the appendix by Committee.
1.02	The portfolio specific member workshops held in October gave members an opportunity to explore portfolio budgets in more detail in readiness for the staged decision-making for the annual budget. The risks and resilience levels within services were also explored. Portfolio specific resilience statements were presented for operational service areas. These statements illustrated that there is very limited scope for any further cost efficiencies beyond those presented.
	Outcomes From Overview and Scrutiny Committees (OSCs)
1.03	<p><u>Community & Enterprise OSC – 30th October</u></p> <p>The Committee did not have any specific questions or new suggestions and recognised that there was limited scope for further efficiencies. The Committee was hopeful that further funding would be forthcoming from Welsh Government.</p> <p>Recommendation: That the Committee support the portfolio efficiency options, as shown in the report.</p>
1.04	<p><u>Social & Health OSC – 31st October</u></p> <p>Specific questions were raised around Out of County placements and the financial pressure this was exerting on the Council; the financial contribution made for placements by the Health Board and whether this needed to be increased; whether collaboration with neighbouring authorities could reduce this pressure. The Committee did not have any new suggestions and recognised that there was limited scope for further efficiencies</p> <p>There was then a lengthy debate about the National UK Government budget and any expected funding ‘consequential’ for Welsh Government. Members were keen to ensure increased communication with the public around the financial pressures being faced by the Council and welcomed the work to provide Members with a media pack to assist in this. There was a suggestion of a workshop for all Members on effective communication.</p>

	<p>Recommendations:</p> <p>(a) That the Committee support the portfolio efficiency options, as shown in the report; and</p> <p>(b) That the Committee congratulate the work and performance of the Social Services Portfolio teams in the current financial circumstances.</p>
1.05	<p><u>Education & Youth OSC – 1st November</u></p> <p>Similar to the Social & Health Care OSC meeting, a number of questions were raised around Out of County Placements and the financial pressure this was having on the Council. Similar questions around the ability to collaborate with neighbouring authorities to reduce this pressure were asked. A suggestion was made on whether Welsh Government could be asked to put a financial ‘cap’ on providers of Out of County placements and it was agreed to pursue this regionally and nationally.</p> <p>A number of concerns were raised around the pressures on head teachers, teachers and all school staff by the financial pressures, and a similar discussion to that had by the Social & Health OSC meeting around increased communication with the public and national lobbying was facilitated.</p> <p>The Committee did not have any new suggestions and recognised that there was limited scope for further efficiencies</p> <p>Recommendations:</p> <p>(a) That the Committee support the portfolio efficiency options, as shown in the report; and</p> <p>(b) That Members agree to seek to raise public awareness about the implications of the current financial challenges for services</p>
1.06	<p><u>Environment OSC – 16th October</u></p> <p>A number of questions were raised at the meeting and points raised for clarification including the reduction in income from the sale of waste recyclates, future plans around the frequency of waste collection, and the collection of side waste.</p> <p>Further information was requested on the content of the Access and Natural Environment budgets. The Chief Officer confirmed that the budget covered twenty full time posts and that a report would be provided to a future meeting with further detail of the mandatory services provided.</p> <p>A request for a report on the advantages and disadvantages of moving to three or four-weekly waste collection service with information on the experiences of authorities who had such changes was requested.</p> <p>The Committee did not have any new suggestions and recognised that there was limited scope for further efficiencies.</p>

	<p>Recommendations:</p> <p>(a) That the Committee endorsed the portfolio pressures and investments; and</p> <p>(b) That the Committee endorsed the portfolio efficiency options.</p>																																																
1.07	<p><u>Organisational Change OSC – 2nd November</u></p> <p>Communication with the public was discussed further following discussions at the other Committees. Members felt it was important to begin a consultation exercise to raise public awareness as soon as possible - emphasising that in reality the proposed 1% cut in Government grant did not take account of pay and price inflation.</p> <p>Members welcomed the innovative ways officers have worked to achieve saving/efficiencies. They emphasised that the Council have managed to keep libraries and leisure centres open as a result of alternative delivery models. The Committee did not have any new suggestions and recognised that there was limited scope for further efficiencies.</p> <p>Recommendation:</p> <p>That having examined the portfolio efficiencies the Committee agree to endorse them.</p>																																																
1.08	<p><u>Corporate Resources OSC – 15th November</u></p> <p>Refer to the separate report on the agenda for this meeting.</p>																																																
1.09	<p>Summary of Business Plan Efficiency Proposals for 2019/20 by Committee</p> <table><tr><th>Portfolio</th><th></th><th>19/20 £m</th></tr><tr><td>Corporate</td><td></td><td>0.360</td></tr><tr><td>Social Services</td><td></td><td>0.315</td></tr><tr><td>Education & Youth</td><td></td><td>0.076</td></tr><tr><td>S&T</td><td></td><td>0.065</td></tr><tr><td>P&E</td><td></td><td>0.111</td></tr><tr><td>Housing & Assets</td><td></td><td>0.035</td></tr><tr><td></td><td></td><td></td></tr><tr><td>Total</td><td></td><td>0.963</td></tr><tr><td></td><td></td><td></td></tr><tr><td>Budget Strategy</td><td></td><td></td></tr><tr><td>Less:</td><td></td><td></td></tr><tr><td>Income</td><td></td><td>0.143</td></tr><tr><td>Targeted Post Reductions</td><td></td><td>0.190</td></tr><tr><td></td><td></td><td></td></tr><tr><td>Balance of Operational Efficiencies</td><td></td><td>0.630</td></tr></table>	Portfolio		19/20 £m	Corporate		0.360	Social Services		0.315	Education & Youth		0.076	S&T		0.065	P&E		0.111	Housing & Assets		0.035				Total		0.963				Budget Strategy			Less:			Income		0.143	Targeted Post Reductions		0.190				Balance of Operational Efficiencies		0.630
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	If approved the above would contribute an additional total of £0.630m to the projected budget gap. Income and workforce/targeted post reductions cost efficiencies are accounted for elsewhere in the budget strategy which explains their removal from this working total.
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2.00	RESOURCE IMPLICATIONS
2.01	As set out in the report.

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

4.00	RISK MANAGEMENT
4.01	As set out in the report.

5.00	APPENDICES
5.01	<p>Summary of Pressures and Efficiencies:</p> <p>Appendix 1 - Community and Enterprise OSC</p> <p>Appendix 2 - Social and Health OSC</p> <p>Appendix 3 - Education and Youth OSC</p> <p>Appendix 4 - Environment OSC</p> <p>Appendix 5 - Organisational OSC</p> <p>Appendix 6 - Corporate Resources OSC</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS AND CONTACT OFFICER DETAILA
6.01	<p>Member Workshop Background Paper: 13 and 23 July and 18 September 2018</p> <p>Method Statements by Portfolio</p> <p>Risk and Resilience Statements by Portfolio</p> <p>Contact Officer: Gary Ferguson, Corporate Finance Manager</p> <p>Telephone: (01352) 702271</p> <p>E-mail: gary.ferguson@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>Specific Grants: An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.</p> <p>Annual Settlement: 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>Financial Year: the period of 12 months commencing on 1 April</p> <p>Revenue: 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>Budget: 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>

Community & Enterprise Overview and Scrutiny Committee 30th October 2018**Portfolio Pressures and Investments****Housing & Assets**

Council Tax Reduction Scheme (Modelled based on a 4.5% increase in Council Tax)	£0.380m
SHARP Framework (Unachievable prior year efficiency)	£0.020m

Governance

Council Tax Discount Scheme for Care Leavers (Discretionary discount scheme approved by Cabinet in July 2018)	£0.027m
Contact Centre (Unachievable prior year efficiency)*	£0.100m

*Also reported to CROSC

Portfolio Business Planning Efficiencies**Housing & Assets**

Bond base budget reduction	£0.005m
Temporary Accommodation	£0.030m
Total -	£0.035m

Planning, Environment & the Economy

Communities for Work base budget	£0.020m
Market Fees increase	£0.003m
Total -	£0.023m

Social & Health Overview and Scrutiny Committee 31st October 2018

Portfolio Pressures and Investments

Social Care Commissioning	£1.600m
Out of County placements (currently under review) *	£1.655m
Transition to Adulthood	£0.640m
Residential Care - new placements	£1.009m
Total -	£4.904m

*includes the Educational element of Out of County placements

Portfolio Efficiency (arising from Welsh Government policy)

Charging cap increase - non-residential care	£0.264m
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Portfolio Business Planning Efficiencies

Older People - Day Centres	£0.020m
Telecare - reduced equipment spend	£0.010m
Workforce Development - income generation	£0.005m
Supported Living - reduction in voids	£0.025m
Communications - mobile hardware	£0.005m
Childcare offer IT system (one-off)	£0.010m
Vacancy management savings	£0.050m
Strategic use of grant funding	£0.170m
Regional Commissioning	£0.020m
Total -	£0.315m

Education & Youth Overview and Scrutiny Committee 1st November 2018

Portfolio Pressures and Investments

Minority Ethnic Achievement Grant	£0.048m
Out of County placements *	£1.655m
Additional Learning Needs (ALN) reforms	£0.142m
Schools NJC Pay Award	£1.402m
Total -	£3.247m

* This is a joint pressure with Social Services for children with additional learning needs in out of county placements.

Portfolio Business Planning Efficiencies

Integrated Youth Provision – Spend reduction	£0.014m
School Planning & Provision – Reduction in portfolio Insurance budget	£0.005m
School Improvement Systems – £38k removal of WJEC SLA as negotiated by Welsh Government & ADEW.	
£20k reduction in early entitlement budget based on falling birth rate and consequent reduction in pupil numbers.	£0.058m
Total -	£0.077m

Environment Overview and Scrutiny Committee 16th October 2018

Portfolio Pressures and Investments

Streetscene & Transportation

North Wales Residual Waste Treatment Project* (No WG Grant during commissioning period)	£0.425m (one-off)
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Waste Recycling Income reductions (Reducing value of material collected due to the loss of international markets)	£0.180m
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Planning, Environment & the Economy

Local Development Plan (LDP)	£0.172m
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* an application to re-profile grant funding is pending with Welsh Government which may mitigate this pressure

Portfolio Business Planning Efficiencies

Streetscene & Transportation

Review of security arrangements in Alltami Depot	£0.005m
Income from external works (Fleet Workshop)	£0.010m
Garden Waste Charges (increased take up)	£0.050m
Total – Streetscene & Transportation	£0.065m

Stage 1 Efficiency Proposal

School Transport Anomalies	£0.100m
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Planning, Environment & the Economy

Greenfield Valley	£0.018m
Service Review within Community & Business	£0.035m
Increased Planning Fee income	£0.025m
Minerals & Waste Shared Service	£0.005m
Supplies & Services spending review	£0.005m
Total – Planning, Environment & the Economy	£0.088m

Organisational Change Overview and Scrutiny Committee 2nd November 2018

Portfolio Pressures and Investments

There are no Pressures or Investments currently identified within this area.

Organisational Change Efficiencies (Part of Stage 1 Corporate Proposals)

AURA	£0.338m
Newydd	£0.061m
Total Efficiency	<u>£0.399m</u>

CROSC Overview and Scrutiny Committee 15th November 2018**Portfolio Pressures and Investments**

Microsoft Licencing Costs	£0.150m
Unachievable Contact Centre Efficiency*	£0.100m
Independent Review Panel for Wales	£0.030m
Transfer of Funding for Universal Credit	£0.019m
Total -	£0.299m

*Also reported in C&E OSC

Portfolio Business Planning Efficiencies**Chief Executive's**

Executive Office Workforce Costs	£0.190m
Executive Office Management Recharge	£0.015m
Workforce Reduction Business & Comms	£0.015m
Digital Delivery of Council Newsletter	£0.029m
Graphics Income	£0.005m

Governance

Democratic Services Changes efficiency	£0.009m
Renegotiation of IT Contracts	£0.097m
Total -	£0.360m