

Corporate Resources Overview and Scrutiny Committee *Budget Position*

15 November 2018



Content Today

- » Introduction and purpose of the suite of the Part 1 and Part 2 budget reports for formal consideration
- » Updates on:
 - » National budget position based of the Provisional Settlement
 - » Local budget forecast for 2019/20
 - » Budget Strategy for dealing with the shortfall
- » Next Steps and Timelines

Introduction and Purpose of Budget Reports

- » Suite of three budget reports for review and comment prior to consideration by Cabinet and Council on 20 November
 - » Stage 1 - corporate finance - budget proposals
 - » Stage 2 – service portfolios - summary of feedback and recommendations from the Overview and Scrutiny Committees of budget proposals
 - » Stage 2 – corporate service portfolio - budget proposals for the services which are within the portfolio of this Committee

Corporate Resources Overview and Scrutiny Committee *Stage 1 of the 2019/20 Budget*

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Stage 1 – Corporate Budget Solutions

» Council Tax (illustrative 4.5%)	£3.635m
» New Income Streams	£0.100m
» Reserves and Balances	£1.900m
» ADM Subsidies	£0.400m
» Reduction in Corporate Management	£0.250m
» HRA – Council Fund Recharges	£0.158m
» Transport Anomalies	£0.100m
» Cost Pressure Management	
» Inflation / Pensions	£1.144m
» Other workforce Costs	£0.250m

Total of £7.937M



Corporate Resources Overview and Scrutiny Committee *Stage 2 of the 2019/20 Budget*

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Stage 2 – Summary of Portfolio Business Plan Proposals

Portfolio	£m
Corporate	0.360
Social Services	0.315
Education & Youth	0.076
Streetscene & Transportation	0.065
Planning, Environment & Economy	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

Stage 2 – Corporate Services Business Plan Proposals

Chief Executive's:

- » Executive Office Workforce Costs (£0.190m) - Reductions in the size of the Chief Officer Team and the supporting Executive Office
- » Executive Office Management Recharge Income (£0.015m)* - Additional contributions from regional collaborations from management recharges
- » Business and Communications Team (£0.015m) - Change to the structure and capacity of this central team
- » Digital delivery of Council newsletter/Proms award (£0.029m) - Reductions in printing costs
- » Graphics income (£0.005m) - Development of a commercial approach to graphic design with the sale of services to local partners and neighbouring councils

Stage 2 – Corporate Services Business Plan Proposals

Governance:

- » Democratic Service Changes to working practices (£0.009m) - Cost savings through changes to working practices
- » Renegotiation of IT contracts (£0.097m)
- » Cost efficiencies from the re-negotiation of a number of contracts

Total Corporate Services Business Planning efficiencies: £0.360m



Corporate Resources Overview and Scrutiny Committee *National Budget Position*

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Update on National Budget Position

- » Welsh Provisional Local Government Settlement was announced on 9 October:
 - » Reduction of 1% in Aggregate External Finance (AEF) when adjusted for transfers (£1.897m)
 - » Flintshire one of the authorities supported by the 'floor' so that no-one has a reduction of over 1%
 - » Cash reduction of £1.339m before the need to account for 'transfers in' for Teachers' Pay Award and Free School Meals
 - » Teacher's Pay Award of £0.694m only accounts for 1% of the actual pay award of 2%+

Update on National Budget Position

- » Provisional Settlement also notified of some additional grants with further details to be announced later:
 - » Social Care – Additional funding of £30m
 - » Education (Schools) – Additional funding of £15m
 - » Health and Social Care – Additional funding of £30m to be allocated regionally

Chancellor's UK Budget Statement

- » UK Chancellor announced his budget statement on 29 October
- » Reference to a potential additional £554m for Wales (£486m Revenue and £68m Capital)
- » Potential 'consequentials' for Wales:-
 - » Welsh Government commitment for Local Government to be first in the queue
 - » Range of £33m to £59m for Local Government



Corporate Resources Overview and Scrutiny Committee *Updated Local Budget Forecast*

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Updated Budget Forecast 2019/20

	£m
September Forecast Gap	13.7
Changes to Pressures:	
- Removal of ILF Pressure	(0.321)
- Removal of CTRS Pressure	(0.380)
- Reduction of Inflation Pressure	(0.447)
- Increase in Education NJC Pay	0.152
- Additional Contribution MEAG (from Service)	(0.016)
New Pressures:	
- Teachers Pay 1%	0.694
- Free School Meals	0.261
- CLIA Pressure	0.226
- Independent Review Panel Wales (IRPW)	0.030
- Universal Credit funding transfer to DWP	0.019
- Energy Efficiency pressure	0.050
Revised Forecast Gap	13.9

Updated Budget Forecast 2019/20

Revised Budget Gap	£13.9m
Add:	
» cash reduction in AEF	£1.3m
Less:	
» Stage 1 corporate budget proposals	(£7.9m)
» Stage 2 Portfolio Business Plans	(£0.6m)
Remaining Budget Gap	£6.7m



Corporate Resources Overview and Scrutiny Committee *Strategic Choices and Options*

15 November 2018



Summary of the Welsh Budget Position

- » Provisional Local Government Settlement – out for consultation – grossly inadequate to meet need
- » Health and other Welsh budgets given priority at the expense of local government
- » £30m being held back for social care, £30m for health and social care, and £15m for schools
- » No pay-out of the additional £15m allocated to Wales by UK Government for 50% of the teachers' pay award
- » £60m new revenue given to Wales from the Chancellor's recent budget yet to be allocated
- » Only £13m is needed to protect all councils from a reduction in their Revenue Support Grant

Workforce Sessions Feedback

- » Two workshops held in late October: 234 attendees
- » When asked *Should Governments end austerity and fund councils properly?* - 217 said yes and 5 said no
- » When asked *How concerned are you that you and your team are under stress with workload and resource pressures* - 96 were very concerned, 108 felt it was becoming an issue, and only 11 felt comfortable
- » 129 left feeling that the budget gap could not be closed year after year, 85 were apprehensive, and only 3 felt confident it could be done
- » 129 people left the sessions feeling angry about the financial situation with a further 77 feeling anxious

#BacktheAsk – Campaigning Position

Welsh Government is holding some large funds which it could pass out to councils now to ease the chronic financial situation. Together Welsh councils have made a compelling case for this money which we call our ‘ask’.

Our ‘ask’ is for:-

- » An extra £13m so that no council will face a reduction in their government grant – Flintshire is one of the councils at the bottom of the Welsh funding table and stands to lose £1.9m (1%) of its grant



#BacktheAsk – Campaigning Position

- » The extra £30m being held back for social care in Wales to be paid out to councils – this is worth £1.3m for Flintshire
- » The extra £15m being held back for schools to be paid out to councils – this is worth £0.8m for Flintshire schools
- » The extra £33m Wales has been given in the recent Chancellor's budget to be paid out to councils as promised by the First Minister – this is worth £1.6m for Flintshire

We are asking Welsh Government to #BacktheAsk for £5.6m more funding for Flintshire



#BacktheAsk –Public Debate

If our 'ask' is backed by Welsh Government **in full** then we can protect local services and keep Council Tax down. Even with the 'ask' we could be looking at a **Council Tax rise of 7%**. If we are given **nothing** then we would either have to close local services or ask the public to foot a far higher Council Tax bill. **Who should pay** for local services – Governments or Council Tax Payers? Governments are very aware that by reducing their funding to councils the responsibility for paying for local services is being shifted to the local tax payer. If you **#BacktheAsk** you will be helping our council to get their fair share of national funds and be protecting your own pocket.

#OurDay 20 November



#OurDay 2018

A day for local government to come together for the biggest ever online celebration of the people who keep our communities running.



Next Steps and Timelines

- » Stages 1 and 2 to be considered by Corporate Resources Overview and Scrutiny Committee
- » Cabinet to review comments and recommend to County Council for approval on 20 November
- » Active campaigning with Welsh Government with the **#BacktheAsk** Campaign
- » Final Settlement due on 19 December
- » The final budget due to be approved by Council in February 2019