

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO	MEETING OF THE EXECUTIVE BOARD
DATE	15 JULY 2013
SUBJECT	2014/15 BUDGET ASSUMPTIONS AND TIMETABLE
PORTFOLIO HOLDER(S)	Cllr Hywel Eifion Jones (FINANCE PORTFOLIO HOLDER)
LEAD OFFICER(S)	Clare Williams SECTION 151 OFFICER
CONTACT OFFICER	Clare Williams

Nature and reason for reporting:

To present an updated Medium Term Revenue Budget Strategy and 2014-15 Budget assumptions.

A – Introduction / Background / Issues

The Purpose of the report is to:

1. Update the Medium Term Revenue Budget Strategy for 2014-15 to 2016-17 (Section 3).
2. Agree the principles which will underpin the 2014-15 budget (Section 4).
3. Agree the Savings Target for the Directorates and the strategies to achieve the savings (Section 5).

B – Considerations

The key considerations within the report are:

1. Protection of schools and to be reviewed in the context of Welsh Government's indications.
2. The assumptions within the Medium Term Revenue Budget Strategy (Section 3.9).
3. Setting an appropriate savings target for the Authority to ensure a balanced budget can be achieved.
4. The associated risks within both the Medium Term Revenue Budget Strategy and the 2014-15 budget strategy (Section 6).
5. The transformation programme which will aid in the Authority delivering services and driving efficiencies in future years.
6. The timetable for setting the 2014-15 budget.

C – Implications and Impacts	
1	Finance / Section 151
2	Legal / Monitoring Officer
3	Human Resources
4	Property Services (see notes – separate document)
5	Information and Communications Technology (ICT)
6	Equality (see notes – separate document)
7	Anti-poverty and Social (see notes – separate document)
8	Communication (see notes – separate document)
9	Consultation (see notes – separate document)
10	Economic
11	Environmental (see notes – separate document)
12	Crime and Disorder (see notes – separate document)
13	Outcome Agreements
CH – Summary	
D – Recommendations	
<p>Approve the 2013-14 guiding principles – Section 4.</p> <p>Approve the savings Targets for the Authority. Para 5.1.</p> <p>Approve the savings directorates identify towards their respective target is over and above any previously identified efficiencies. Para 5.4.</p> <p>Approve the strategy to identify the Savings requirements.</p> <p>Note the risks and potential changes to the Medium Term Revenue Budget Strategy and 2014-15 budget. Section 6.</p> <p>Note that the Medium Term Revenue Budget Strategy will change as new information becomes available and views are sought. Para 3.13.</p> <p>Note the variables within the budget build at this stage. Para 4.3-4.</p>	

Name of author of report: Clare Williams Section 151 Officer

Date: 14 July 2013

Appendices:
Appendix 1 – Summary 2013-14 Budget as approved at Council on 5 March 2013 Appendix 2 – 2012-13 Revenue Budget Provisional Outturn Appendix 3 – Directorate Savings Scenarios
Background papers
Budget 2013-14 presented to Council 5 March 2013 Medium Term Revenue Budget Strategy and Final Revenue Budget Proposals for 2013-14 presented on Revenue Budget 2012-13 – Provisional Outturn – Presented to Executive 5-6-13.

1. BACKGROUND

- 1.1** The National Economic position has not improved as predicted. The spending round on 26th June 2013 set out how the government will spend £745 billion pounds of taxpayers' money between April 2015 and April 2016 and set out the planned spending reductions of £11.5bn to close the gap between taxes and expenditure. These included a 2% reduction on the block grant to devolved nations.
- 1.2** The economic picture in Wales is set to be far worse than predicted at the beginning of the year. Wales has not experienced the same level of cuts as English authorities who have experienced cuts of up to 33% of their budgets. The latest information available suggests a cash reduction of 4% for 2014/15, and possibly beyond, for Local Government in Wales. The actual reduction for Anglesey will not be confirmed until the Autumn.
- 1.3** The relative settlements for the last two financial years have produced the following results for this Council:-
 - The 2012-13 settlement saw Aggregate External Finance (AEF - ie the amount received by the Council in general grant) reduced by 1.2%, from £93.436m to £92.331m. This compared to an average increase across all Welsh authorities of 0.2% and this left the Council with the second least favourable settlement amongst the 22 authorities.
 - For 2013-14, AEF rose by £7.896m to £100.227m, but £4.625m of this was attributable to the transfer of responsibility for Council Tax Support and a further £2.155m to previous specific grants being incorporated into AEF. So the underlying increase was just £1.116m or 1.2%. Once all the elements were combined, the Council's settlement was the 16th most favourable of 22.

While this background is not necessarily a good guide to what will happen to 2014-15, nothing has been identified to suggest that the picture is likely to be more favourable.

- 1.4** It is worth noting the 2012/13 outturn (Appendix 2) in setting future budgets. Although the overall position was one of an £1.1m underspend, there was an overspend in social services and council tax collection fell short of the budget target.
- 1.5** During the first quarter of 2013/14 financial year, the Authority has begun to implement the savings required to deliver the 2013-14 budget. The budgets are now monitored monthly and May 2013 reports are currently being reviewed by finance and the services. Due to the scale of the savings and the risk set out in the budget report it is important to identify any emerging pressures that may require action. When setting the budget for 2014-15 and beyond any recurring implications of these will need to be considered.

2. PRIORITIES FOR 2014-15 AND BEYOND

- 2.1** The Medium Term Revenue Budget Strategy needs to be aligned to the priorities and Corporate Plan of the Authority. The 2013-14 budget and Medium Term Revenue Budget Strategy will need to be underpinned by individual Service Strategies and robust Business Plans which will include programmes within the Transformation Plan. The 2013-14 budget and Medium Term Revenue Budget Strategy will need to be aligned to the six Themes identified:
 - 2.1.1** Theme 1 – Professional and well run.
 - 2.1.2** Theme 2 – Innovative, ambitious and outward looking.
 - 2.1.3** Theme 3 – Customer, Citizen and Community Focused.

2.1.4 Theme 4 – Valuing and developing our people.

2.1.5 Theme 5 – Committed to partnership.

2.1.6 Theme 6 - Achieving.

3. MEDIUM TERM REVENUE BUDGET STRATEGY (MTRBS)

- 3.1 The Medium Term Revenue Budget Strategy is intended to provide a robust, consistent and sustainable approach to establishing and maintaining a stable and prudent financial basis on which improvement and transformation of the Council's services can progress.
- 3.2 The MTRBS is the process which links the Council's vision and priorities with its financial budgets and shows how the Council's finances will be structured and managed to ensure that this fits with, and supports, the priorities of the Council and its partners.
- 3.3 The MTRBS will help the Council to:-
 - 3.3.1 Meet its corporate strategic outcomes and priorities.
 - 3.3.2 Improve financial planning and financial management of the Council's revenue and capital resources.
 - 3.3.3 Maximise the use of internal and external resources available to the Council.
 - 3.3.4 Ensure provision of value for money and deliver budget efficiencies.
 - 3.3.5 Develop longer term budgets in support of strategic planning.
 - 3.3.6 Align financial resources to the Council's spending priorities.
 - 3.3.7 Ensure that the level of reserves is at an appropriate level.
 - 3.3.8 Respond to external pressures.
 - 3.3.9 Develop a sustainable budget over the medium term.
 - 3.3.10 Highlight financial risks and mitigate their potential impact.
- 3.4 Each year there is the short-term requirement to prepare an annual budget and set the council tax. The achievement of the Council's long-term objectives, however, with the planning of new initiatives, capital developments and the allocation of resources in response to changing service needs, requires service and financial planning to be undertaken over more than one year.
- 3.5 It is imperative that, for the up and coming budget setting process; the Authority not only plans for the next financial year, but also for at least the next 3 years. Therefore, while identifying savings for the next financial year through transformation of services, consideration should also be given to the medium term to meet the challenging saving targets Welsh Government will set. The transformation of services may require an initial investment and this investment will need to be funded through the MTRBS, which will increase the amount which must be either saved or funded from earmarked reserves.
- 3.6 The medium term revenue budget strategy presented to Council on the 5th March 2013 highlighted a potential gap of £3.1m for 2014-15 and £4.0m in 2015-16. At the time, this was a top level update of previous medium term revenue budget strategies, with the main assumptions being 5% year on year council tax increase and 1% year on year pay awards.

- 3.7 The medium term revenue budget strategy has been updated to reflect a greater detailed analysis of expenditure and anticipated increases, although further work remains to be done. The table below shows the updated strategy.

Table 1 – MTFP Prior to recent WG announcements

	2014-15 £m	2015-16 £m	2016-17 £m
Funding Available:			
Welsh Government	101.000	101.000	101.000
Council Tax	29.400	30.900	32.450
Total	130.400	131.900	133.450
Previous Year Budget (Adjusted)	128.200	130.400	131.900
Schools Budgets Inflation and Protection	0.500	0.500	1.500
Other cost increases	2.600	2.600	2.600
Demographic changes	0.500	0.500	0.500
Capital Financing & Interest	0.100	0.100	0.100
Financing unsupported borrowing	0.200	0.400	0.400
Salary & Grading Review	1.300	0.700	0.700
Investing in change/ severance	-0.100	-0.300	0.000
Contribution to balances	-0.500	0.000	0.000
Identified Pressures	0.000	0.000	0.000
Other growth	0.700	1.000	
Agreed Savings			
Funding Gap	-3.100	-4.000	-4.250
Budget	130.400	131.900	133.450

Table 2 – MTFP Scenario with 4% reduction

	2014-15 £'000	2015-16 £'000	2016-17 £'000
Previous year's budget	128,084	125,468	123,082
Schools Protection	449	449	449
Inflation	3,241	3,151	3,062
Increase Income	-855	-855	-855
Demographic change	500	500	500
Financing Unsupported Borrowing	160	240	320
Salary & Grading review	1,300	700	700
Investing in change	-100	-300	-500
Contribution to balances	-500	0	0
Identified Pressures	0	0	0
New Priorities	700	1,000	1,000
Savings	0	0	0
Funding Gap	-7,511	-7,271	-6,835
Total	125,468	123,082	120,923
Funded by WG	96,218	92,369	88,674
Council Tax	29,250	30,713	32,249
	125,468	123,082	120,923

- 3.8** Table 1 sets out the previous MTRBS position, which indicated a budget gap of £3.1m for 2014-15. This is based on an assumption that WG grant would grow slightly in 2014-15 and then remain the same. Table 2 sets out the updated MTRBS position with a 4% budget cut in external support, as indicated by WLGA and this is now seen as the most likely scenario. The savings will need to be met through transformation of services, efficiencies and savings. The savings required are estimated at £7.5m in 2014/15 and, across the three years to 2016/17, total £21.6m.
- 3.9** The medium term revenue budget strategy has the following assumptions built into the forecasts:
- 3.9.1** As stated above, Welsh Government (WG) Funding for 2014-15 will reduce by 4%, in line with the most recent indications. Certain specific grants may also be transferred into the overall settlement for 2014-15 and this could reduce funding still further. In addition certain grant funding could cease in the future.
- 3.9.2** Council Tax –Year on year increase of 5%.
- 3.9.3** Schools and Social services – The WG has set expectations of a 1.27% increase for schools. There are currently no plans to protect social services. The projections in the above table assume an increase of 1.27% for schools plus 1% pay award.
- 3.9.4** Other Cost Increases & Other Growth – Allowance has been made for 1% inflation in pay costs, 10% growth in energy costs and inflation of between 2% and 3% on other controllable expenditure (with the exception of non-pay employee costs, for which no increase has been allowed). Non-grant income is assumed to grow at an overall average rate of 5%.
- 3.9.5** During the year the MTRBS will be updated with savings identified and investment required through the Transformation Programme for 2014-15 and beyond. The MTRBS at this stage does not include any costs and savings for projects as these have not yet been finalised.
- 3.9.6** Demographic changes - The growth in Adults services users is increasing the Social Services budget by £500k and estimate of 2.25%. Pupil numbers are forecast as remaining more or less stable through the period of the MTRBS.
- 3.9.7** Capital Financing & Interest – There will be a requirement for proposals which depend on additional unsupported (Prudential) borrowing to demonstrate that they are self-financing over time. However, it has been recognised that some might require investment that will not be fully repaid over the term of the current MTRBS. Therefore, allowance has been made for an increase in borrowing costs over the medium term. (A particular example is the 21st Century Schools programme, where the associated capital receipts and revenue savings will not be realised immediately).
- 3.9.8** Job Evaluation and back pay (Salary & Grading Review) – Following discussions at the pay and grading panel there is an intention to complete the full Job Evaluation exercise rather than take a phased approach. This is a change to the previous MTRBS and is expected to cost in the region of £4m (based on the 2009 exercise), in addition to the costs for back pay and equal pay. This remains one of the highest risks facing the Authority.
- 3.9.9** Investing In Change – £1.5m funding has been allocated in 2013/14 for the cost of change. This will continue across the three years, but with a reduction of £100k in 2014/15 and a further £300k and £500k in 2015/16 and 2016/17 respectively. This funding will be used to support the transformation of services.

- 3.10** An important point to note is that there has been no allowance made within the MTRBS for contributions to be made to General Balances. The 2012-13 draft final accounts show that the General Balances were at £6.1m up from £4.4m assumed when setting the 2013/14 budget. The balances on both general and earmarked reserves will be reviewed over the summer to consider the level required for the council.
- 3.11** As noted above, the medium term revenue budget strategy assumes that council tax will increase by 5%. The table below shows the revenue that would be generated by a range of Council Tax increases and also the potential band D council tax rate for 2013-14 financial years for this range.

Percentage increase in Council Tax	Additional Council Tax Revenue £m	Estimated Band D Council Tax £
5.00%	1.393	986.11
4.70%	1.309	983.29
4.50%	1.254	981.41
4.00%	1.114	976.72
3.50%	0.975	972.02
3.00%	0.836	967.32
2.50%	0.697	962.63

- 3.12** If the Authority increase council tax by 5% this will leave a budget gap based on the potential cut of 4% of £7.511m. If the Council opts for a lower council tax increase, the gap will increase by the amounts shown in the table below, which would have to be covered by the identification of additional efficiencies and savings on top of the level already identified.

Reduction in Revenue if CT is not 5%		
Increase (%)	Additional Council Tax Revenue £m	Difference £m
5.00%	1.393	
4.70%	1.309	0.084
4.50%	1.254	0.139
4.00%	1.114	0.279
3.50%	0.975	0.418
3.00%	0.836	0.557
2.50%	0.697	0.696

- 3.13** As the budget round process progresses, the current assumptions will change as new information becomes available or as views change. The approach that has been adopted within the MTRBS is a high level analysis designed to provide an indication of the future years' financial position.

4. GUIDING PRINCIPLES FOR 2014-15 BUDGET

- 4.1** A balanced budget will need to be presented for 2014-15. At the outset it is assumed that this is to be achieved without the one-off use of reserves.
- 4.2** Schemes based on additional Prudential borrowing will be required to demonstrate that they are self-funding.
- 4.3** The assumptions made about rates of inflation are set out in paragraph 3.9.4 above.

- 4.4 Whilst it is recognised that Welsh Government would like to protect Schools (adjusted as appropriate for pupil numbers and formula changes) by 1.27%, it is recommended that prior to agreeing this, support and challenge reviews are conducted to ensure that the budgets are at appropriate levels and that work is carried out to establish the remodelling of services.
- 4.5 More schools are reporting that they expect to go into deficit during 2014-15 with the support of the Authority, schools need to be planning to ensure that they are operating within budget.

5. SAVINGS TARGET AND STRATEGY

- 5.1 A number of savings scenarios have been developed (See Appendix 3) which includes options for excluding schools and social services, both individually and collectively, from making savings, or excluding one or both from the percentage calculation but requiring a fixed saving of £1m from schools. It should be noted that the scenarios below rely on a consistent reduction across services and this could prove to be very difficult for small services with a handful of staff. If schools and social services are entirely excluded, a savings target of 12.4% will be needed to enable the funding gap to be met. (Scenario 3A).
- 5.2 The table below summarises the level of savings achievable at certain levels of percentage reduction in net budgets. This also shows the levels achievable if schools and social services were excluded. The final section of the table identifies the level of saving required to meet the overall budget gap.

Scenario 1	Fixed Percentage All Services				
Scenario 2A	Exclude Delegated Schools Budget From Percentage				
Scenario 2B	Exclude Delegated Schools Budget From Percentage, But Require £1m Contribution				
Scenario 3A	Exclude Delegated Schools Budget And Social Care From Percentage				
Scenario 3B	Exclude Delegated Schools Budget And Social Care From Percentage, But Require £1m Contribution From Schools				
Percentage Saving	Scenario 1 £'000	Scenario 2A £'000	Scenario 2B £'000	Scenario 3A £'000	Scenario 3B £'000
3.0%	4,182	3,121	4,121	1,818	2,818
4.0%	5,574	4,159	5,159	2,422	3,422
5.0%	6,970	5,201	6,201	3,029	4,029
6.0%	8,364	6,241	7,241	3,635	4,635
7.0%	9,759	7,282	8,282	4,241	5,241
8.0%	11,153	8,322	9,322	4,847	5,847
9.0%	12,547	9,362	10,362	5,453	6,453
10.0%	13,940	10,401	11,401	6,057	7,057
11.0%	15,335	11,443	12,443	6,665	7,665
12.0%	16,727	12,481	13,481	7,269	8,269
<i>Y Canrannau Gofynnol i Gyflawni'r Arbedion Tybiedig</i>					
5.4%	7,511				
7.2%		7,511			
6.3%			7,511		
12.4%				7,511	
10.7%					7,511

5.3 The above percentages will be reduced to reflect both savings arising from initiatives within the Transformation Programme and any generic initiatives which apply across the Council. Two items which have already been identified are:-

- increasing the assumed rise in non-grant income from 5% to 10%, and
- reducing support to the Third Sector by 5%.

The impact of these has not yet been quantified and so is not included in the figures shown above.

5.4 The target level of savings from each service area under the respective Scenarios is set out in Appendix 3, although the identification and allocation of the savings across services within a specific directorate will be determined by the relevant Director/Deputy Chief Executive. It will be the responsibility of the Directors and Heads of Service to ensure that savings are identified which at least meet the savings target above by the 13th September 2013 at the latest.

5.5 Running alongside the services identifying savings individually, will be the strategies highlighted below, which will need to be project led. This will generate further options, which has the potential to ease the pressure on services.

5.6 These are difficult targets for the majority of services (particularly if schools and social services are protected). However, it needs to be emphasised that this is only a starting point for developing options and the final outcomes and decisions are likely to differ as Members exercise policy choice.

5.7 A number of strategies will need to be adopted to identify the efficiencies and savings. These include:

5.7.1 Identification of cross directorate savings – This may require one-off project support to ensure that the outcomes are achievable and delivered as per expectations.

5.7.2 Expenditure review – Services to review the base budget to identify budget lines for:

- Unused budgets – Expenditure lines which have budget, but no spend against them.
- Non-Essential use of budgets. Identification of budget lines which are not essential to the delivery of the service.
- Review budget against the council priorities;
- Review non statutory service budgets;
- Review budgets spent on statutory services;

5.7.3 Identification of other/new sources of revenue funding.

5.7.4 Identification of discretionary and mandatory services to ensure clarity of the services the Council must provide.

5.7.5 Agreeing levels of service that can be delivered within the financial constraints rather than a desirable level of service.

5.7.6 Identify how the use of ICT can transform the service and make efficiencies.

5.7.7 Using methodologies such as lean thinking and benchmark services against others;

5.7.8 Exploring further collaboration, partnership and joint working opportunities with other local authorities, private sector and third sector.

- 5.7.9 Seeking out best practice for delivering services, whether from other local authorities, other public sector bodies or the private sector.
- 5.7.10 Review of property and use of buildings.
- 5.7.11 Robust challenge of savings and growth proposals;
- 5.7.12 Consider what services we can stop providing and or review how these services could be provided by other providers in the community.
- 5.7.13 Consider the level of inflation on income and opportunities to generate income.

5.8 Services will be required to review how they deliver their services and identify the activities associated with that delivery. This can be aided through the service performance reviews and service review challenges to enable identification of alternative methods of delivering to drive out savings. This will be extended to future years as the services are transformed and savings may be dragged out over a number of years.

5.9 The Authority and Senior Leadership Team will also need to consider planning over the next 3 years. A programme needs to be developed incorporating a redesign on how the Authority delivers services which are fit for purpose (this should be along same principals as the Transformation Priority Programme).

6. RISKS WITHIN THE MTRBS AND 2014-15 BUDGET

6.1 There are a number of risks within both the Medium Term Revenue Budget Strategy and the 2014-15 Budget setting process, all of which will change the MTFP and the level of savings that need to be identified as the budget process progresses. These will need to be taken into consideration when deciding the level of savings to be identified and the priorities of the Council.

6.1.1 Welsh Government Funding - Whilst indications have been given in the 2014-15 settlement for the next 2 financial years, these are provisional, and the Minister has indicated that a significant cut of 4% is likely in 2014-15. The current indications last only until the next UK Comprehensive Spending Review. The indicative figures will be affected by transfers in and out of the settlement, and a number of large transfers are under discussion. Data changes will also affect the settlement and the trend is for Anglesey's data to deteriorate in comparison to other authorities, e.g. because of slower population growth. The AEF line in the MTRBS is, therefore, quite volatile. As in previous years, the main factor may whether or not a 'floor' is built in, to impose a maximum level on any decrease.

6.1.2 Grants – Notification of grant levels tend to either be received very late in the prior financial year or during the financial year in question. Some of these may be reduced substantially or cut altogether; we do not have a complete picture of all these and we will not even have this as the financial year begins.

6.1.3 Social Care Demand - Adult Services are also experiencing growth in demand across all areas. Whilst an annual allowance for demographic growth is built into the budget, this is based on 2013-14 estimated increases for adults over 65 and Learning Disabilities. Should demand increase, this will place additional pressures on the service.

6.1.4 Welfare reform - There are significant risks and pressures facing the Authority. The main strand is localisation of Council Tax Benefit.

- 6.1.5** Pension changes – Auto enrolment of employees into the LGPS will have an impact in 2013-14. This means that all staff not currently in a pension scheme will be automatically enrolled and it will be for them to opt out. The MTRBS has assumed that 25% of the Council's staff currently not in a pension scheme will continue membership. The opt out rate in these new circumstances is currently uncertain and a higher number of people remaining in the pension scheme will result in higher contributions from the Authority.

7. TIMETABLE

7.1 The proposed key dates within the timetable for the budget setting process are as follows:

- Provide Guidance and Templates to Directorates/Service Areas/Heads of Service/Budget Holders – 30th July 2012

- Member Workshops

- Executive

- End of August 2013
- September/October 2013 –To be confirmed

Note: Further workshops to be arranged as required.

- All members

- September/October 2013 –To be confirmed.

Note: Further workshops to be arranged as required.

- SLT/Heads of Service Workshops

- August 2013;
- September 2013.

Note: Further workshops to be arranged as required.

- Request submission of savings and growth proposals from Directorates – 13th September 2013
- Draft Budget – 18th October 2013
- Provisional Settlement notification – 17th October 2013 (Note: This is the nearest Thursday to the date of the announcement in 2012. No notification of the actual date has been received).
- Public Consultation – November 2013.
- Final Settlement notification – 5th December 2013 (Note: This is the nearest Thursday to the date of the announcement in 2012. No notification of the actual date has been received).
- Final Budgets for Approval – February 2013.
- Executive meeting to approve budget – 18th February 2013.
- Council Meeting to approve budget – 5th March 2013.

7.2 The timetable and the key dates (with the exception of Executive and Council meetings) are dependent upon any changes in Council views and new information which might be received during the 2014-15 budget setting process.

8. CAPITAL

- 8.1** The Capital Plan has been rolled forward as a base budget for the last two years without a bidding round. It is the intention to bring this process back onto a more strategic basis this year. At this stage no specific guidelines are suggested. The current capital plan was reviewed as part of the 2013-14 budget process and updated for known events and a reduction of £0.32m (to £4.05m) in General Capital Funding from the WG over the previous year.
- 8.2** The 2013-14 settlement also indicated a further reduction in the 2014-15 financial year of £0.44m (or 11% to £3.60m) and then no change in 2015-16. However, as with the AEF settlement, this could change and reduce significantly when the funding is announced in October 2013 (provisional) and December 2013 (final) settlements.

9. SUMMARY

- 9.1** The next 3 years (from 2014-15 onwards) are going to be an extremely challenging period in which the Authority will require to be prepared for delivering services with reduced resources (either in cash terms or real terms (taking account of inflation)). As a result, there is a need to move away from planning for one year at a time to more of a longer term planning process (this includes Budgetary and Service Delivery planning). The Authority not only needs to be planning for 2014-15, but also beyond this period to ensure sustainability.
- 9.2** A transformation agenda has been established to identify saving opportunities, which will ensure the Authority is prepared for the coming years. This will include determining what direction the Authority wants to travel and what are the essential services that need to be delivered. The agenda will need to cover how the Authority can deliver services in different ways with either the same or less resource, and also what services the council could stop providing.
- 9.3** The 2014-15 budget setting process needs to commence as soon as possible with the aim of establishing a draft budget as early as possible. The sooner this can be achieved, the greater the flexibility available to the Authority to react and make changes as and when new information and views are received.
- 9.4** The current recommendation is for Authority to look to find savings for 2014-15 of at least 12-13%. This would achieve savings totalling over £7.5m. The Directorates should not only be identifying savings for 2014-15, but as mentioned above, how they plan to deliver services (and generate savings) over the next 3 to 4 years. The illustrative figures shown for individual Directorates in Appendix 3 are based on the required saving being split evenly across all services. The greater the amount that can be saved through initiatives contained within the Transformation Programme, the lower will be the percentage that needs to be found through a traditional 'salami-slicing' approach.

BUDGET 2013-14					
	Draft Standstill Position after provisional settlement 3 Dec 2012	Final Settlement changes and other adjustments	Savings proposals	Proposed Growth	Proposed Budget
	£000	£000	£000	£000	£000
Directorate					
Lifelong Learning (including schools)	47,485		-307		47,178
Community Services	31,883	-85	-978	84	30,904
Sustainable Development	22,592	-190	-1,336	300	21,366
Deputy Chief Executive	8,316	29	-239		8,106
Corporate and Democratic Costs	2,269	-235			2,169
Council Tax Support - additional responsibilities	4,468	357			4,825
Levies	3,223	-3			3,220
Capital Financing and Interest	7,185				7,185
Recharges to HRA/ DSO	-358				-358
Affordable Priorities Programme Initiatives (savings)	-480	125			-230
Total	126,583	-2	-2,860	384	124,365
Outcome Agreement Grant	-545				-545
Improvement and Education Recovery Board	190				190
Process Contingency	500	-500			0
General Contingency	0				0
Job Evaluation Contingency	900	-450			450
Sub Total Standstill Budget	127,628	-952	-2,860	384	124,460
From Medium Term Plan:					
Additional Job Evaluation Contingency	400	-400			0
Additional Unsupported Borrowing Contingency	200	-200			0
Pressures:					
- Looked after Children	600	250			850
- Autoenrolment	200	-200			0
- Welfare Reform	200	-150			50
- Schools Protection	500				500
Severances Contingency	1,000				1,000
Cost of change Contingency	500				500
Other Specific Contingencies	0	600			350
Contribution from/ to Balances	0	500			500
Total before Savings	131,228	-552	-2,860	384	128,210
Funded by:					
Aggregate External Funding	99,961	266			100,227
Council Tax	27,867	156			27,867
Discretionary Rate Relief	-50				-50
Total Funding	127,778	422	0	0	128,210
Funding Gap	3,450	-974	-2,860	384	0

**GWARIANT AMODOL 2012/13
PROVISIONAL OUTTURN FIGURES 2012/13**

	CYLLIDEB ADDASIEDIG ADJUSTED BUDGET	GWIRIONEDDOL ADDASIEDIG ADJUSTED ACTUAL	GWAHANIAETH VARIANCE (Tanwario)/ Drosodd / (Under) / Over
	£000	£000	£000
Addysg Gydol Oes / Lifelong Learning	48,925	48,835	(90)
Cymuned / Community			
Gwasanaethau Cymdeithasol/ Social Services	26,358	27,014	656
Gwasanaeth Tai/ Housing Service	925	926	1
Gwasanaeth Hamdden a Chymuned/ Leisure and Community Service	4,113	4,181	68
Datblygu Cynaliadwy / Sustainable Development			
Gwasanaeth Datblygu Economaidd/ Economic Development Service	1,507	1,507	0
Gwasanaeth Cynllunio ae Amgylcheddol / Planning and Environment	3,379	3,236	(143)
Gwasanaeth Eiddo/ Property Service	977	797	(180)
Gwasanaeth Priffyrdd a Thrafnidiaeth/ Highways and Transportation Service	11,068	10,814	(254)
Gwasanaeth Gwastraff / Waste Service	8,479	8,209	(270)
Dirprwy Brif Weithredwr / Deputy Chief Executive			
Uwch Reolwyr / Senior Management	1,224	1,176	(48)
Gwasanaethau Pwyllgorau a Cyfreithiol/ Committee and Legal Services	175	139	(36)
Gwasanaeth Polisi/ Policy Service	(216)	(144)	72
Gwasanaeth Cyllid/ Finance Service	1,073	1,066	(7)
Gwasanaeth Archwilio/ Audit Service	1	8	7
Gwasanaeth Adnoddau Dynol / HR Service	201	129	(72)
Gwasanaeth Technoleg Gwybodaeth a Chyfathrebu/ Information Communication Technology Service	317	63	(254)
	108,506	107,956	(550)
Cyllidebau sy'n Risg Corfforaethol/ Budgets treated as Corporate Risks			
All Sirol Gwasanaethau Cymdeithasol/ Out of County Social Services	1,559	1,469	(90)
All Sirol Addysg/ Out of County Education	1,028	879	(149)
Digartrefedd/Homelessness	307	(26)	(333)
Budd-daliadau/ Benefits	28	(155)	(183)
Cyllido Cyfalaf a Llog / Capital Financing and Interest	8,075	8,176	101
Costau Corfforaethol a Democraidd / Corporate and Democratic Costs	1,461	1,403	(58)
	120,964	119,702	(1,262)
Grant Cymorth Refeniw / Revenue Support Grant	(73,544)	(73,544)	0
Incwm Treth Annomestig / Non Domestic Rate Income	(18,787)	(18,787)	0
Y Dreth Gyngor / Council Tax	(26,704)	(26,550)	154
Grant Cymell Perfformiad / Performance Incentive Grant	(729)	(729)	0
Newid mewn Cronfeydd Clustnodedig a Balansau Cyffredinol / Change in Earmarked Reserves and General Balances	1,200	92	(1,108)

APPENDIX 3

Scenario 1	Fixed Percentage All Services
Scenario 2A	Exclude Delegated Schools Budget From Percentage
Scenario 2B	Exclude Delegated Schools Budget From Percentage, But Require £1m Contribution
Scenario 3A	Exclude Delegated Schools Budget And Social Care From Percentage
Scenario 3B	Exclude Delegated Schools Budget And Social Care From Percentage, But Require £1m Contribution From Schools

SAVINGS AT REQUIRED LEVEL	5.4%	7.2%	6.3%	12.4%	10.7%
Directorate	Scenario 1 £	Scenario 2A £	Scenario 2B £	Scenario 3A £	Scenario 3B £
Lifelong Learning					
Delegated Schools Budget	1,904		1,000		1,000
Central Education	714	956	829	1,642	1,424
Communities					
Social Care	2,340	3,135	2,720	0	0
Leisure and Culture	247	331	287	568	492
Housing	121	162	140	277	240
Sustainable Development					
Economic Development	75	101	87	173	150
Highways	585	784	679	1,348	1,165
Planning	97	129	112	222	193
Public Protection	98	131	113	224	195
Property	264	354	306	607	526
Directorate Management	3	4	4	7	6
Waste	422	565	490	970	841
Deputy Chief Executive					
Corporate- Other Services	74	99	86	170	148
Audit	12	17	14	28	25
Corporate And Democratic Costs	56	75	65	128	111
Corporate Management	63	84	73	144	125
Finance	173	232	201	398	345
Human Resources	39	52	45	90	78
ICT	98	132	114	226	196
Legal and Administration	93	124	108	213	185
Policy	33	44	38	76	66
	7,511	7,511	7,511	7,511	7,511

SAVINGS AT: 4.0%					
Directorate	Scenario 1 £	Scenario 2A £	Scenario 2B £	Scenario 3A £	Scenario 3B £
Lifelong Learning					
Delegated Schools Budget	1,415		1,000		1,000
Central Education	530	530	530	530	530
Communities					
Social Care	1,737	1,737	1,737	0	0
Leisure and Culture	183	183	183	183	183
Housing	89	89	89	89	89
Sustainable Development					
Economic Development	56	56	56	56	56
Highways	434	434	434	434	434
Planning	72	72	72	72	72
Public Protection	72	72	72	72	72
Property	196	196	196	196	196
Directorate Management	2	2	2	2	2
Waste	313	313	313	313	313
Deputy Chief Executive					
Corporate- Other Services	55	55	55	55	55
Audit	9	9	9	9	9
Corporate And Democratic Costs	41	41	41	41	41
Corporate Management	47	47	47	47	47
Finance	128	128	128	128	128
Human Resources	29	29	29	29	29
ICT	73	73	73	73	73
Legal and Administration	69	69	69	69	69
Policy	24	24	24	24	24
	5,574	4,159	5,159	2,422	3,422

SAVINGS AT: 6.0%					
Directorate	Scenario 1 £	Scenario 2A £	Scenario 2B £	Scenario 3A £	Scenario 3B £
Lifelong Learning					
Delegated Schools Budget	2,123		1,000		1,000
Central Education	795	795	795	795	795
Communities					
Social Care	2,606	2,606	2,606	0	0
Leisure and Culture	275	275	275	275	275
Housing	134	134	134	134	134
Sustainable Development					
Economic Development	84	84	84	84	84
Highways	651	651	651	651	651
Planning	108	108	108	108	108
Public Protection	109	109	109	109	109
Property	294	294	294	294	294
Directorate Management	3	3	3	3	3
Waste	469	469	469	469	469
Deputy Chief Executive					
Corporate- Other Services	82	82	82	82	82
Audit	14	14	14	14	14
Corporate And Democratic Costs	62	62	62	62	62
Corporate Management	70	70	70	70	70
Finance	193	193	193	193	193
Human Resources	43	43	43	43	43
ICT	109	109	109	109	109
Legal and Administration	103	103	103	103	103
Policy	37	37	37	37	37
	8,364	6,241	7,241	3,635	4,635

SAVINGS AT: 8.0%					
Directorate	Scenario 1 £	Scenario 2A £	Scenario 2B £	Scenario 3A £	Scenario 3B £
Lifelong Learning					
Delegated Schools Budget	2,831		1,000		1,000
Central Education	1,060	1,060	1,060	1,060	1,060
Communities					
Social Care	3,475	3,475	3,475	0	0
Leisure and Culture	366	366	366	366	366
Housing	179	179	179	179	179
Sustainable Development					
Economic Development	111	111	111	111	111
Highways	868	868	868	868	868
Planning	143	143	143	143	143
Public Protection	145	145	145	145	145
Property	392	392	392	392	392
Directorate Management	5	5	5	5	5
Waste	626	626	626	626	626
Deputy Chief Executive					
Corporate- Other Services	110	110	110	110	110
Audit	18	18	18	18	18
Corporate And Democratic Costs	83	83	83	83	83
Corporate Management	93	93	93	93	93
Finance	257	257	257	257	257
Human Resources	58	58	58	58	58
ICT	146	146	146	146	146
Legal and Administration	138	138	138	138	138
Policy	49	49	49	49	49
	11,153	8,322	9,322	4,847	5,847

SAVINGS AT: 10.0%					
Directorate	Scenario 1 £	Scenario 2A £	Scenario 2B £	Scenario 3A £	Scenario 3B £
Lifelong Learning					
Delegated Schools Budget	3,539		1,000		1,000
Central Education	1,325	1,325	1,325	1,325	1,325
Communities					
Social Care	4,344	4,344	4,344	0	0
Leisure and Culture	458	458	458	458	458
Housing	224	224	224	224	224
Sustainable Development					
Economic Development	139	139	139	139	139
Highways	1,085	1,085	1,085	1,085	1,085
Planning	179	179	179	179	179
Public Protection	181	181	181	181	181
Property	490	490	490	490	490
Directorate Management	6	6	6	6	6
Waste	782	782	782	782	782
Deputy Chief Executive					
Corporate- Other Services	137	137	137	137	137
Audit	23	23	23	23	23
Corporate And Democratic Costs	104	104	104	104	104
Corporate Management	116	116	116	116	116
Finance	321	321	321	321	321
Human Resources	72	72	72	72	72
ICT	182	182	182	182	182
Legal and Administration	172	172	172	172	172
Policy	61	61	61	61	61
	13,940	10,401	11,401	6,057	7,057

SAVINGS AT: 12.0%					
Directorate	Scenario 1 £	Scenario 2A £	Scenario 2B £	Scenario 3A £	Scenario 3B £
Lifelong Learning					
Delegated Schools Budget	4,246		1,000		1,000
Central Education	1,590	1,590	1,590	1,590	1,590
Communities					
Social Care	5,212	5,212	5,212	0	0
Leisure and Culture	550	550	550	550	550
Housing	268	268	268	268	268
Sustainable Development					
Economic Development	167	167	167	167	167
Highways	1,302	1,302	1,302	1,302	1,302
Planning	215	215	215	215	215
Public Protection	217	217	217	217	217
Property	588	588	588	588	588
Directorate Management	7	7	7	7	7
Waste	939	939	939	939	939
Deputy Chief Executive					
Corporate- Other Services	165	165	165	165	165
Audit	27	27	27	27	27
Corporate And Democratic Costs	124	124	124	124	124
Corporate Management	140	140	140	140	140
Finance	385	385	385	385	385
Human Resources	87	87	87	87	87
ICT	219	219	219	219	219
Legal and Administration	206	206	206	206	206
Policy	73	73	73	73	73
	16,727	12,481	13,481	7,269	8,269