

## ISLE OF ANGLESEY COUNTY COUNCIL

<b>REPORT TO:</b>	<b>MEETING OF THE EXECUTIVE</b>
<b>DATE:</b>	<b>10 FEBRUARY 2014</b>
<b>SUBJECT:</b>	<b>MEDIUM TERM REVENUE BUDGET STRATEGY AND FINAL REVENUE BUDGET PROPOSALS FOR 2014/15</b>
<b>PORTFOLIO HOLDER(S):</b>	<b>COUNCILLOR HYWEL EIFION JONES</b>
<b>LEAD OFFICER(S):</b>	<b>CLARE WILLIAMS HEAD OF FUNCTION (RESOURCES)</b>
<b>CONTACT OFFICER:</b>	<b>CLARE WILLIAMS</b>
<b>Nature and reason for reporting:</b>	
To present the revenue budget proposals for 2014/15.	

<b>A – Introduction / Background / Issues</b>		
See Section 3 of the report.		
<b>B – Considerations</b>		
See Section 2 of the report.		
<b>C – Implications and Impacts</b>		
<b>1</b>	<b>Finance / Section 151</b>	Contained within the report.
<b>2</b>	<b>Legal / Monitoring Officer</b>	
<b>3</b>	<b>Human Resources</b>	The biggest HR impact in the budget obviously relates to redundancies, job evaluation and equal pay. Each are resource intensive processes to be delivered simultaneously by a small HR Team. Each will have a big impact on staff morale in different ways as well as on the way services deliver for the future.
<b>4</b>	<b>Property Services</b> (see notes – separate document)	
<b>5</b>	<b>Information and Communications Technology (ICT)</b>	
<b>6</b>	<b>Equality</b> (see notes – separate document)	
<b>7</b>	<b>Anti-poverty and Social</b> (see notes – separate document)	
<b>8</b>	<b>Communication</b> (see notes – separate document)	
<b>9</b>	<b>Consultation</b> (see notes – separate document)	
<b>10</b>	<b>Economic</b>	
<b>11</b>	<b>Environmental</b> (see notes – separate document)	
<b>12</b>	<b>Crime and Disorder</b> (see notes – separate document)	
<b>13</b>	<b>Outcome Agreements</b>	
<b>CH – Summary</b>		
<b>D – Recommendation</b>		
See Section 2 of the report.		

**Name of author of report: Clare Williams, Head of Function (Resources)**

**Date: 24 January 2014**

**Appendices:**

Appendix 1	Summary of proposed budget 2014/15
Appendix 2	Final savings proposals
Appendix 3	Summary of pressures
Appendix 4	Summary of proposed growth
Appendix 5	Proposed Budget 2014/15 – change from 2013/14
Appendix 6	Comments from the Public Consultation on the 2014/15 budget proposals

**Background papers**

Welsh Government Grant Settlement 2014/15 11 December 2013  
Executive Reports 15 July, 4 November and 16 December 2013

## **1. MEDIUM TERM FINANCIAL PLAN AND 2014/15 BUDGET**

### **1.1 Purpose**

**1.1.1** The Executive has to agree a number of key 2014/15 budget matters, for recommendation to full Council on the 27 February 2014. These are:-

- the Council's revenue budget and resulting Council Tax for 2014/15;
- the Council's Treasury Management Strategy

and to note

- The Council's approach to the Medium Term Financial Plan;
- The use of one off funds to support the budget currently forecasted which is subject to regular monitoring to the Executive;
- The Council's Capital Programme for 2014/15.

### **1.2 Summary**

**1.2.1** This paper shows the detailed revenue budget proposals requiring final review and agreement for 2014/15 and the resulting impact on the Isle of Anglesey County Council's budget. These are matters for the Council to agree and the Executive is asked to make final recommendations to the Council.

It also updates the latest Medium Term Financial Strategy which provides a context for work on the Council's future budgets and includes the latest information for the efficiency strategy.

## **2. REVENUE BUDGET AND COUNCIL TAX 2014/15 RECOMMENDATIONS**

The Executive is requested:

- To note the formal consultation meetings on the budget as outlined in paragraph 4.1;
- To note the equalities impact assessment summary on the budget proposals in Section 7;
- To agree that, within the proposed budget, schools are given an increase in budget which meets the Welsh Government's pledge for schools' funding as detailed in paragraph 4.1.3;
- To agree the final details of the Council's proposed budget, investments, pressures and savings as shown in Appendices 1-5;
- To note the Section 151 Officer's recommendations that minimum Council Fund Balances be maintained at £5m, the confirmation of the robustness of the estimates underlying the proposals and the adequacy of the General Reserves in the context of other earmarked reserves;
- To recommend a net budget for the County Council and resulting Council Tax to Council, noting that a formal resolution including the North Wales Police and Community Councils' precepts will be presented to Council on the 27 February 2014;
- To authorise the Section 151 Officer to make such changes as may be necessary before submission to the Council.

### **3. BACKGROUND**

#### **3.1 Budget Considerations**

**3.1.1** Members of the Executive need to consider three reports, in addition to this budget report, to set the budget for 2014/15. These reports relate to the monitoring of the 2014/15 revenue and capital budgets and Treasury Management and are to be found elsewhere on the agenda. It is an important part of the budget setting process that the financial impacts of each are reflected in the 2014/15 budget proposals. These are as follows:

- The capital financing costs for the capital programme depend on the Council's Minimum Revenue Provision policy and the scale of the Capital Programme itself. The capital financing costs are a discrete budget in the Council's overall revenue budget;
- The Council's Treasury activities are affected by a number of issues; in particular its borrowing requirements which in turn depend on the scale of the Capital Programme as well as the Treasury policies around how the capital programme is to be funded, from a 'cash' perspective. In turn, these have an effect on the Council's borrowing interest costs and investing activities which earn interest which, again, are discrete budgets in the Council's overall revenue budget;
- The revenue budget in general has been largely driven by the Council's Medium Term Financial Plan (MTFP) which highlighted the key drivers across Welsh Government grants, capital financing costs, costs of key corporate priorities and the resulting need for budget savings.

**3.1.2** Therefore, we are asking the Executive to consider the key budget issues together and

- recommend an overall revenue budget and resulting Council Tax to the Council;
- recommend the Council's treasury management and investment policies, plus its Prudential Indicators to the Council;
- To note the current position on the Council's Medium Term Financial Plan (MTFP).

### **4. THE COUNCIL'S REVENUE BUDGET AND COUNCIL TAX**

#### **4.1 Consultation**

**4.1.1** During the summer of 2013, Elected Members and Directors/Heads of Service approved a budget strategy for 2014/15 and the medium term financial plan (MTFP). In the Autumn the assumptions that had been approved were further reviewed and refined in the light of more up to date information, and detailed budget proposals within parameters agreed by the Executive were reported in December 2013. Following this meeting, the detailed budget proposals have been consulted as follows:-

- With all Scrutiny Committees in their January 2014 meetings where Service Scrutiny Committees reviewed their discrete parts of the budget and Corporate Scrutiny summarised all those views and scrutinised the budget proposals as a whole package;
- With the Schools' Forum on 27 January 2014;
- With the Town and Community Councils on 23 January 2014;
- With the public, via the Council's website following the report presented to the Executive on 16 December 2013.

In summary, there was general acknowledgement of the financial pressures facing the Council. Whilst comments were made on a wide range of budget proposals, the main focus of comments was as follows:-

#### **4.1.2 Public consultation**

Comments arising from the public consultation on the budget proposals for 2014/15 are provided in the report to be presented to the Executive Committee on the 10 February 2014 by the Head of Democratic Services.

#### **4.1.3 Schools Forum**

- Acknowledgment of the cash increase of 0.45% in accordance with the Welsh Government commitment and the increase in the pupil deprivation grant.
- There were no adverse comments in relation to the budget proposals affecting schools arising from the budget discussions at the Forum. The £1m budget cut originally proposed has been removed from the final budget proposals.

#### **4.1.4 Town and Community Councils**

- Responses to the budget proposals are contained with the results of the public consultation present to the Executive Committee on the 10 February 2014 by the Head of Democratic Services.

### **4.2 Revenue Budget 2014/15**

**4.2.1** The Executive approved the budget statement and strategy set out initial budget guidelines for the 2014/15 budget on 15 July 2013.

**4.2.2** The initial draft revenue budget proposals were presented to the Executive in December 2013, which presented a draft standstill position budget, highlighting a potential gap of £7.661m between the standstill position and the total of the Aggregated Exchequer Funding and 5% increase in Council Tax.

The report also referred to the ongoing work to identify the savings across all Departments. As was noted in the report, it was not expected that this target would necessarily be split evenly between all Directorates

**4.2.3** Since the draft budget proposals were presented to the Executive on 16 December 2013, a number of issues have emerged which require amendments to the proposals and these are summarised in the table below.

<b>1</b>	A reduction in the use of the General Contingency of £130k in 2014/15, primarily within Lifelong Learning for one-off costs associated with the Education Recovery Board, which are not required within the budget going forward.
<b>2</b>	The part of the Affordable Priorities Programme that relates to car allowances has now been included within service budgets, leaving £125k as a corporate procurement saving for 2014/15.
<b>3</b>	A reduction of £57k in the value of the General Contingency, which represents the residual balance that was unused in 2013/14 and which is no longer needed.
<b>4</b>	A 50% reduction in the increase to the schools protection budget to 0.45% or £172,000, in accordance with the commitment from the Welsh Government.
<b>5</b>	Deletion of the potential use of reserves in 2014/15 of £240k, shown in the 16 December 2013 report, as it is likely that a balanced budget can be set without the need to draw on Council Fund balances.
<b>6</b>	Deletion of the Severance Contingency budget of £900k. Liabilities arising from redundancies will be met from any unused balance from the 2013/14 severance contingency and the Cost of Change Reserve. Consideration of funding of future costs will be either from capitalisation or the use of reserves and balances.
<b>7</b>	A net reduction in the budget requirement of £975k to realign the budget following the identification of ongoing budget adjustments which were not included in the last report. The reduction primarily affects Lifelong Learning due to staffing reductions, a reduction in pupil numbers and the previously reported reduction to 6 <sup>th</sup> form funding, which has now been included in MTFP projections.
<b>8</b>	A reduction in the contingency for demographic change of £250k.
<b>9</b>	An increase in the Corporate Contingency of £181k. This contingency will be used to fund inflationary pressures in 2014/15 and pressures arising from the withdrawal of the specific grant for pensioners relief within Council Tax Reduction Scheme (£90k) and a 0.5% reduction in the proposed Council Tax increase to 4.5% (£141k).
<b>10</b>	An increase in income of £181k from the Outcome Agreement Grant which has been paid in full for the last two financial years. The budgeted income for this grant now stands at £726k.

4.2.4 The Executive is requested to confirm the adjustments outlined above.

### 4.3 Savings

4.3.1 The Executive considered a report on 15 July 2013 which projected a funding gap of up to £7.511m in 2014/15. The percentage reduction across all budgets needed to meet this was approximately 5.4%, but it was recognised from the outset that a more flexible approach than a uniform percentage reduction across all services was needed, to allow for the fact that there were some services where it would be more difficult than others to secure savings in the short-term. Specifically, it was recognised that that consideration needed to be given to protecting budgets for schools.

4.3.2 Different options for savings profiles were presented, showing the target reductions that would be set at different percentage levels if applied evenly across the board, with further columns showing the effect of protection for particular services. The base percentage which produced the required total saving was 7.2%.

4.3.3 The meeting considered a set of savings targets by service which totalled £7.511m, which are summarised in the following table:-

Directorate	Saving £'000
Lifelong Learning (including schools)	1,904
Community Services	2,532
Sustainable Development	2,264
Deputy Chief Executive/Corporate and Democratic Costs	811
<b>Total</b>	<b>7,511</b>

4.3.4 Following on from this, Directorates were asked in August-October 2013 to produce savings proposals based on this profile. The proposals were challenged, reviewed and validated over the following weeks and revised targets were then derived for each Directorate, based both on the assessment of the achievability of the individual savings proposals put forward and on the wider factors referred to above. The overall savings to be delivered from services were estimated at £7.416m.

4.3.5 The results were shown in Appendix C to the report considered at the Executive meeting of 16 December, and are summarised in the table below:-

Directorate	Revised Target £'000
Lifelong Learning (including schools)	1,501
Community Services	1,894
Sustainable Development	2,969
Deputy Chief Executive/Corporate and Democratic Costs	1,052
<b>Total</b>	<b>7,416</b>

4.3.6 During the Scrutiny and consultation processes, the following areas were highlighted:

- **Increase in parking fees** - concerns expressed that Town Centres will be affected with people choosing not to shop at the local businesses. The loss of income could have a detrimental effect on businesses;

- **Increase in leisure fees and charges** - concerns expressed that increase in fees for using leisure facilities and cuts in staffing could impact on the healthy living initiatives i.e. heart diseases, diabetes, obesity and the encouragement of children to participate in sports;
- **Amendments to public conveniences provision** - concerns expressed that public conveniences of a high standard is a necessity. It was noted that the £500 provision for local businesses to allow access for the general public to use public conveniences on the premises should be extended and further work was required to encourage Town/Community Councils or the local community to take over these facilities.
- **Reductions in Highway Maintenance** - deep concerns expressed to the possibilities of the condition of small lanes and highways will be in a dire state in the future. The Highway Maintenance budget is a cross cutting budget and is dependent on weather conditions throughout the seasons which could have an effect on the budget of the service.

**4.3.7** Following discussions within the Corporate Scrutiny Committee, however, Members agreed to accept the Executive's draft budget proposals as outlined.

**4.3.8** In addition, the Directorates have carried out further work to prioritise and review their proposals, allowing consideration to be given to relative risk, impact on service capacity, etc. The revised savings total now stands at £6.263m, a reduction of £1.153m over the proposals submitted to the Executive in December

**4.3.9** The revised savings total is summarised below and details are shown in Appendix 2 to the report:-

Directorate	Final Savings Proposals £'000	% of January 2014 Standstill Budget	% of budget gap
Lifelong Learning (including schools)	671	1.4%	10.7%
Community Services	1,870	5.8%	29.9%
Sustainable Development	2,938	13.8%	46.9%
Deputy Chief Executive/Corporate and Democratic Costs	784	5.0%	12.5%
<b>Total</b>	<b>6,263</b>	<b>5.4%</b>	<b>100.0%</b>

**4.3.10** The budget forecasts for the next five years indicate that the Council will have to continue to make significant savings to meet the financial pressures it faces. To assist with this process, a significant investment has been made in setting up three Programme Boards during 2013/14 to deliver these savings by transforming the way the Council provides its services. The work of the Programme Boards has been underway for some time but no proposals were forthcoming to assist with the preparation of the 2014/15 budget. Whilst it is acknowledged that this process is seen as the way forward to deliver the necessary transformation of Council services going forward, the work of the Programme Boards needs to be accelerated to develop the Council's Efficiency Strategy and make recommendations over proposals to meet the increasing significant financial pressures the Council faces from 2015/16.

**4.3.11** The budget proposals also include an amount of £500k for a Cost of Change contingency in 2014/15. Proposals for the use of this sum have been considered and details of spending commitments are as follows:-

Description	2014/15 £'000
<u>Strategic Service Changes</u>	
Project Manager (Education - Reducing Surplus Places)	47
Strategic Manager Adult Social Care	55
Strategic Asset Programme Manager	55
Transformation and Governance Business Manager	47
	<b>204</b>
<u>DPA Action Plan for Improvement to fund</u>	<b>75</b>
HR - 0.5 post to August 2014	
ICT - 1 post @ SO1 to August 2014	
Project Support to the Information Governance Project Board	
<u>Other</u>	
Adult Social Care - Review of Learning Disability Services	<b>80</b>
Waste - Public Conveniences one year grant to Community Councils	<b>100</b>
<b>Commitments</b>	<b>459</b>
<b>Available</b>	<b>41</b>
<b>Total</b>	<b>500</b>

#### 4.4 Pressures and Growth

**4.4.1** The appendices to the report of 16 December included allowance for pressures and growth totalling £1.136m and £276k respectively. There have been three changes to these figures:-

- A reduction of £250k in the value of the contingency for demographic change to support the savings target for Community Services;
- An increase of £13k, from £159k to £172k, to the value of protection afforded to schools through the delegated schools budget following a review of the previous forecast;
- An additional growth bid of £20k to provide a budget for a systems administrator within Human Resources;
- An additional growth bid of £75k for a new initiative for the National Model for School Improvement in conjunction with the Welsh Government.

The revised totals are as follows:-

<b>Budget 2014/15: Pressures</b>	
Description	Amount £'000
Demographic Change to reflect pressures within services for the Elderly	250
Welfare Reform arising from the introduction of Universal Credit	77
Schools Protection to match the increase proposed by the Welsh Government	172
Additional costs for the Council Tax Reduction Scheme.	490
<b>Total</b>	<b>989</b>

<b>Budget 2014/15: Growth</b>	
<b>Description</b>	<b>Amount £'000</b>
Delegated School Budget for running costs at Canolfan Y Bont	158
National Model for School Improvement	75
Human Resources - Staffing	20
Human Resources – Systems Administrator post	20
ICT – Additional staffing for service improvements	88
Revenues & Benefits - Reduction in Housing Benefit Admin Grant from Welsh Government	48
Planning & Public Protection – Shortfall in Building Regulations Fees	50
<b>Total</b>	<b>459</b>

#### **4.5 Council Tax**

**4.5.1** The standstill position within the Executive report in July and subsequent Executive reports assumed a council tax increase of 5%. This equates to £986.11 p.a. or £18.96 per week. Each 0.5% reduction or increase is equal to approximately £141k. The proposal in this report is to increase Council Tax by 4.5%, which will be met by reducing the value of the Corporate Contingency by a corresponding amount. This equates to £981.41 p.a. or £18.87 per week, an increase of 81p per week over 2013/14 levels.

**4.5.2** Given the tight financial position, the risk inherent in the current proposals and the impending financial forecast for the next few years highlighted in all the previous budget reports, there is limited flexibility. Any reduction in the proposed council tax increase or increase in investment will need to be met by further savings generated from the services or cuts in service provision.

#### **4.6 General and Specific Reserves, Contingencies and Financial Risks**

**4.6.1** The proposed budget incorporates a number of assumptions in terms of likely levels of income and expenditure in future years. There are, therefore, inevitably a number of financial risks inherent in the proposed budget. The key financial risks are highlighted below:-

- Any projected overspend in 2013/14 has direct implications for the 2014/15 budget, both in terms of assessing the robustness of individual services' budgets and in the adequacy of the level of general reserves. A net overspend position of £0.2m was forecast at quarter 2. The quarter 3 budget monitoring report indicates that the forecast overspend on services has increased to £451k. However, additional funding from the Council's Outcome Agreement Grant of £181k and an improved net yield from Council Tax of £293k means that the Council Fund balance will increase by £23k in 2013/14.
- Savings and additional income proposals in this report amount to £6.263m and will need to be delivered in order to achieve a balanced budget for 2014/15. Allowance has been made, where appropriate, for implementation costs, but there is an element of financial risk around full delivery of all savings, with the risk varying considerably between individual proposals. Realistic part year assumptions have been made where implementation cannot be immediate but there is an inherent financial risk around achieving changes in time to deliver their planned savings.
- A number of the individual proposals have already been secured, but there are others across nearly all service areas that are very challenging. The scale of savings required has necessitated the inclusion of challenging strategic and transformational proposals. There is an inherent financial risk around achieving changes in time to deliver this type of planned saving.

- Inflationary increases in budgets have been set at 2.2%, consistent with most other local authorities. Invariably, this introduces a degree of financial risk as key inflationary pressures are not known with certainty at this time, but this financial risk is no higher than in any other year.
- 4.6.2** In terms of any contingencies and reserves, the Section 151 Officer needs to review these in their totality in conjunction with the base budget itself and the financial risks which face the Authority. In addition, this review should incorporate a medium term view where needed and should take into account key developments that may impact on the need and use of one off resources.
- 4.6.3** In light of the above underlying risks and uncertainties set out in Section 5.1 below and the issues identified in paragraph 4.6.1 above, a robust view is being taken on managing budget risks and protecting the financial health of the Council at this time. This is particularly the case when one off funds need to be adequately protected to fund future strategic/transformational changes as opposed to funding significant overspends on the base budget itself.
- 4.6.4** Account has been taken of the need to keep the immediate reductions in spending and the resulting impact on services to a minimum, but this must be balanced against the need to ensure the medium- and long-term financial stability of the Council, and for savings to be implemented over the coming years in a phased and structured way. In addition, there is always some risk of unforeseen items of expenditure or overspending because of a more general pressure on a service's budget, and balances must also be adequate to absorb these pressures.
- 4.6.5** The budget for 2013-14 included a planned contribution to general balances of £500k to maintain the level of general reserves at £5m. After making this contribution and the revised forecast addition to balances of £23k in 2013/14, the level of general balances is likely to be of the order of £6.3m, well ahead of the target threshold of £5m.
- 4.6.6** In determining the threshold of £5m, consideration was given to the general 'rule of thumb' analysis for the level of general reserves suggests this is at least 5% of net revenue expenditure (excluding schools' budgets), unless a formal risk assessment justifies a lower level. This implies a level of £6m for Anglesey. However, taking the approach outlined above, this would give the Council a level of general reserves of £5m.
- Whilst it is accepted that as significant budget reductions are made, it invariably introduces financial risks, and although some difficulties have been encountered during the current year, Anglesey has a reputation of managing within its budget. This work could become more difficult given our experience in delivering cuts over the last two years - hence the urgent need to significantly develop the role of the Programme Boards set up for this purpose;
  - Budget risks have been addressed in the proposals but remain variable and high risk;
  - Protection against some budget risks is provided through earmarked reserves and contingencies.
- 4.6.7** There is, however, an identified risk facing the Council relating the cost of child placements within Social Services in 2014/15 and beyond. To counter this risk, Members are asked to approve the use of £300k from General Balances in 2013/14, Consideration should also be given to transfer £1m to reserves, also in 2013/14, to fund potential severance liabilities arising from budget reductions. Overall, the level of general balances will remain at an estimated £5m after allowing for these changes, the approved threshold.

**4.6.8** Schools balances have been high in the past, which has provided adequate cover for most risks. But the level of schools balances is reducing. The reduction in schools balances does reduce that level of comfort, but this is mitigated by the protection given to school budgets this year.

**4.6.9** The principal contingencies provided for in the budget relate to the current processes of securing budget reductions, implementing service transformation and meeting inflationary pressures. The Job Evaluation Contingency will meet the cost of any expenditure in this area during the year, the amount of which is uncertain, with any balance being added to the corresponding reserve that has been set aside to cover the future costs. The service specific contingencies relate to particular issues which are the subject of contractual negotiations and other decisions not fully within the Council's control, and where the estimated cost is significant, but not known with certainty.

**4.6.10** Paragraph 4.3.11 shows how the Cost of Change Contingency will be utilised in 2014/15. However, it is likely that funding will need to be provided for further changes from 2015/16. This investment to deliver more efficient and effective services will be made through the continuing use of reserves or, where appropriate, borrowing.

## **5. ROBUSTNESS OF ESTIMATES**

**5.1** Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of budget estimates and adequacy of financial reserves, and requires the Council to take account of this report as it adopts its budget.

**5.2** Budget estimates are all based on assumptions about the future. These issues are interconnected. Budgets may not be exactly calculated because of estimation or risk - but the impact can be mitigated if there are good contingency plans, contingency budgets or financial reserves. Their robustness depends on how reasonable these assumptions are.

**5.3** The robustness of budget estimates is not simply a question of whether they are correctly calculated. In practice, many budgets are based on estimates or forecasts, and there may be an element of risk as to whether plans will be delivered, or targets achieved. Different risks to the budget are considered in turn below.

**5.4** **Inflation Risk** This is the risk that actual inflation could turn out to be different to the assumption made in the budget.

The most significant expense is in relation to pay, where a 1% allowance has been made for new pay awards in 2014/15, but this seems a fairly realistic assumption in current circumstances. General inflation has fallen to 2.2% from 2.7% since September 2013. The general expectation is that this will fall slightly in the coming months, remaining at or around the 2% target figure in the medium term. The level of general inflation assumed in the standstill budget considered in December 2013 has been set at 2.2%. However, there is always an element of risk in predicting inflation rates, although a variation of more than 1% in either direction appears very unlikely.

**5.5** **Interest Rate Risk** Interest rates mostly affect a single year's revenue budget through the interest earned - i.e. an interest rate rise is beneficial. Because the budget is now based on interest rates at long-term lows, there is hardly any downside risk. Predictions are for interest rates to remain at their historical low well into 2014 and beyond. As in previous years, this is a compensating risk for inflation risk because if one increases the other is likely to compensate.

**5.6 Grants Risk** These are risks attached to the large number of specific grants from the Welsh Government, Europe or other bodies which support a good proportion of Council spending. Some of the grants from the Welsh Government are forecast to either be reduced substantially or cut altogether and, therefore, our budget and financial forecasts will have to be adjusted when these changes occur. While the immediate response is to say that when the grant ceases, so must the associated expenditure, there is a risk that this may not always be possible. It may not be possible when contract terms mean the expenditure cannot be cut as quickly as the income, or involves unfunded severance costs. It may not be possible if the activity funded turns out to be so important to delivery of the Council's own objectives that the Council decides it must continue the expenditure. Efforts to mitigate this risk are to ensure we have the best information available on each grant: but unpleasant surprises during the year cannot be entirely ruled out. For 2014/15, the following grants will either be reduced or stopped:-

	Total Grant Reduction £'000	Date grant finishes
<b>Grants Stopped</b>		
Flying Start – Capital Grant	720	31/03/15
Llwyddo'n lleol	1,286	31/03/15
Local Service Board ESF - Delivering Collaboration Improvement Framework	170	31/12/14
New Work Connections (Taith i Waith)	1,504	31/05/14
Potensial	2,278	30/08/14
Rural Development Programme - Ymweld â Môn	377	31/12/14
Rural Development Programme - Gwasanaethau Bro	566	30/06/14
School Efficiency Grant (SEG)	653	31/03/15
<b>Grants Reduced</b>		
Post 16 Funding	301	Reduction
Housing Benefits Admin Grant (in budget growth)	48	Transfer into
Council Tax Reduction Scheme – Pensioners Support (in budget pressures)	90	RSG
<b>Total Reduction in Grants</b>	<b>7,993</b>	

**5.7 Income Risks** The budget is based on securing increases in income. If the elasticity of demand for Council services is such that volume falls, and income targets are not achieved, that may cause overspending on net budgets. This will require close monitoring of the net budget position and, if necessary, cutting back on spending to match reduced income.

**5.8 Optimism Risk** Probably the greatest risk in current circumstances is that the Authority, Members and officers, have been over-optimistic in the savings that will be achieved. If these projects should run into difficulties and fail to achieve the savings taken out of the budget, significant overspendings could occur. Para 5.11 below goes into further detail.

**5.9 Over-caution Risk** This is the opposite of optimism risk: the danger that our budgets have been drawn up with too much caution, and so are more than is required.

**5.10 Salary and Grading Risks** The Authority continues to face a significant risk due to job evaluation and equal pay/value to which it will be required to pay compensation claims to staff because of alleged unfairness of its pay arrangements. This is a long-standing risk which will not go away, and challenges the robustness of the budget as in previous years. In mitigation, there remains an annual contingency budget (£450k in 2014/15) towards the cost of the new pay structure. A further £1.3m has been provided to help fund the costs of the job evaluation exercise which is nearing completion. The Authority will be implementing Job Evaluation in the early part of 2014/15 financial year.

**5.11 Savings Slippage** The main risk relates to the savings proposals. The figures that have been presented are mostly based on a full year saving and so assume that the proposals will be fully implemented from 1 April 2014. There is a risk that some of the proposals will not achieve this start date. This is particularly the case for the proposals that involve redundancies, income generation and contractual issues. Any delay from the start date of 1 April will cause pressures in 2014/15. A 3 months slippage of all savings equates to £1.55m.

**5.12 Social Care and Residential Fees** Inflation of 2.2% has been built into the budget for 2014/15. At present, the increase in these fees is being determined and will be negotiated with providers. If this is more than 2.2%, actions will need to be taken to address this. To mitigate this risk, a contingency has been set aside for this purpose.

**5.13 Staff redundancy costs** As the savings proposals are implemented, there will be associated redundancy costs. The full cost of this is currently not known but it is expected that this work will be completed in the next two months for implementation in the early part of the 2014/15 financial year. The Severance Contingency of £1m, which was provided in the budget for 2013/14 has not been utilised so far in the current financial year, although there have been a number of requests submitted through the voluntary severance programme to deliver some of the savings proposed, which will be implemented promptly in 2014/15. Any balance from the 2013/14 contingency will, therefore, be available to meet liabilities arising in 2014/15. In addition, it is believed that a prudent course of action would be to set up an earmarked reserve of £1m from general balances in 2013/14 to supplement the existing contingency. As stated earlier, the 2014/15 budget does not provide for a redundancy contingency in 2014/15 but the Medium Term Financial Plan assumes that will be restored to £1m in 2015/16 to meet potential liabilities arising at that time.

**5.14 Outcome Agreement Grant** The budget for 2014/15 assumes that the full grant of £726k will be received in 2014/15 in respect of 2013/14 performance. Although the full grant was received this year in respect of 2012/13, there is a risk to the Authority that the full grant will not be received in the future.

**5.15 Council Tax Reduction Scheme** A sum of £490k has been included in the budget to provide for the additional net cost to the Council of the operation of the Council Tax Reduction Scheme, over and above the £5.125m allowed for in the Final Settlement. The specific grant previously given to meet part of this cost has been rolled over into the general Revenue Support Grant settlement. However, given that this is the first year of the scheme and the variable nature of a number of aspects within it, there is an inevitable degree of uncertainty. The latest estimates suggest that actual costs might be higher.

## 6. **PROPOSED BUDGET & COUNCIL TAX LEVEL**

**6.1** The table below shows the available and required budget funding with an increase in Council Tax of 4.5%, representing £18.87 per week on a Band D property, an increase of 81p per week over 2013/14. Because of an increase to the Council Tax base in 2013/14, a 4.5% increase in the Band D Council Tax will yield an additional 5.3% in Council Tax in the year. In setting Council Tax, the Council needs to be aware of the need to set a balanced budget.

<b><u>Budget requirement</u></b>	<b>£000</b>
Previous Budget Proposal for 2014/15	129,251
Inflation & Re-pricing adjustments	2,685
Budget Pressures	2,355
<b>BASE BUDGET 2014/15 (before investments/savings)</b>	<b>134,291</b>
Budget Adjustments	(1,817)
Budget investments	459
Budget savings	(6,263)
<b>BASE BUDGET 2014/15</b>	<b>126,670</b>
<b><u>Funding available</u></b>	
Final WG Settlement	96,432
Outcome Agreement Grant	726
Increased Council Tax @ 4.5%	29,512
<b>Total</b>	<b>126,670</b>
<b>Balance available</b>	<b>(0)</b>

**6.2** Before the Executive can recommend a budget to Council, it now requires decisions based around the figures shown in the above table. These decisions include whether to:-

- delete specific saving items;
- provide additional capacity within services;
- fund new initiatives and policies;
- increase the base amount of Council Tax by the proposed level and so balance the budget.

## **7. EQUALITIES IMPACT ASSESSMENTS (EIA)**

**7.1** In delivering its services, the Council has to be mindful of its duties under the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 to assess the impact of key financial decisions on protected groups and have due regard to the results of such assessments.

**7.2** As part of the 2014/15 budget-making process, services were requested to carry out an initial equality impact assessment of each proposal. Guidance was included with the budget pro-forma and further guidance on carrying out EIAs is available on the Council's intranet site. Commentary on individual proposals is contained within the appendices. Proposals which are likely to have a significant impact will need to be monitored closely by the service.

## **8. TREASURY MANAGEMENT STRATEGY**

**8.1** In accordance with the CIPFA Code of Practice on Treasury Management, the Council is required to approve the 2014/15 Treasury Management Strategy Statement and Investment Strategy prior to the beginning of the financial year. The Treasury Management Strategy for 2014/15 was presented to Audit Committee on 4 February 2014.

## **9. UPDATING THE MEDIUM TERM REVENUE BUDGET STRATEGY**

**9.1** The initial budget report presented to the Executive on 16 December 2013 updated the Medium Term Financial Strategy for changes in the funding notification from the Welsh Government. These assumptions included a level of pay award and inflation.

**9.2** The table below is a further update of the medium term financial strategy, which has been updated for the proposed 2014/15 budget and the following assumptions for 2015/16 to 2016/17:-

- Pay - 1%;
- Inflation - 2.2% 2014/15, 2% thereafter;
- Council Tax - 5%;
- Welsh Government Revenue Support Grant - a 4.2% reduction 2014/15, then approximately a further 2% reduction thereafter.

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Previous Year Budget	129,253	126,670	126,280	126,221
Schools Inflation and Protection	172	172	172	172
Cost Increases	2,866	2,432	2,380	2,325
Demographic Changes	250	500	500	500
Capital financing and Interest	598	171	171	171
Job Evaluation	1,300	700	700	700
Severance Contingency	(1,000)	1,000	0	0
Budget Re-alignment	(975)	0	0	0
Identified Pressures	567	700	700	700
General Contingency	(57)	0	0	0
Other growth	459	500	500	500
Savings	(6,263)	0	0	0
Contribution to Reserves	(500)	0	0	0
Funding Gap	0	(6,565)	(5,182)	(5,036)
<b>Total</b>	<b>126,670</b>	<b>126,280</b>	<b>126,221</b>	<b>126,253</b>
Funded by WG funding	96,432	94,714	93,267	91,849
Council Tax	29,512	30,840	32,228	33,678
Outcome Agreement Grant	0.726	0.726	0.726	0.726
	<b>126,670</b>	<b>126,280</b>	<b>126,221</b>	<b>126,253</b>

**9.3** The medium term financial strategy will need to be reviewed and updated during the early part of 2014/15 to ensure that forecasts and assumptions remain as accurate as possible.

**9.4** The Council's Efficiency Strategy will now be developed to meet the budget gap of £16.8m that is forecast over the next three year period. This work will be done through the Transformation Programme Boards, setting annual targets for efficiencies and through service reviews.

## **10. LINKS TO COUNCIL POLICIES AND PRIORITIES**

**10.1** In drawing up budget proposals, due regard has been given to key Council policies and priorities

## **11. OPTIONS AVAILABLE**

**11.1** The Executive must agree a recommended Council Tax and 2014/15 revenue budget to Council. Members have various options open to them on the detailed budget proposals contained within this report.

## **12. STAFFING IMPLICATIONS**

**12.1** The budget proposals outlined in the report will have a direct impact on employees across the Council, including, potentially, schools. Changes to structures and staffing will be required to make the necessary savings. This transformation agenda will be supported through Human Resources, ensuring that the Council's services are financially sustainable into the future and continue to deliver high quality to Anglesey's citizens. The change programme will need to incorporate meaningful consultation with trade unions and affected employees and this has already commenced.

**12.2** The Council will aim to minimise the impact of the budget proposals on employees across our services, and a number of actions are currently being undertaken to assist in this e.g. restrictions on recruitment, reduction in use of agency staffing and overtime. However, given the scale of the challenges facing the Council over the next 3 years, it has to be recognised that the Council cannot rule out having to make further redundancies. All employees directly affected will be supported by the Council's Restructuring and Redundancy Policy, which aims to support the management of statutory redundancies and, therefore, mitigate, as far as possible, the impact on the workforce.

### **13. LOCAL ISSUES**

**13.1** The budget proposals as shown affect the County as a whole, although some specific proposals may affect certain localities more than others.

### **14. CONSULTATION**

**14.1** Wide consultation on the budget has been undertaken, as outlined in paragraph 4.1 of the report.

## APPENDIX 1

Summary of draft proposed budget 2014/15						
	Draft Standstill Position after final settlement £'000	Budget realignment and other changes £'000	Revised Standstill budget January 2014 £'000	Savings proposals (see Appendix 2) £'000	Growth Proposals (see Appendix 3) £'000	Proposed Budget £'000
<b>Directorate</b>						
Lifelong Learning (including schools)	47,812	-1,059	46,753	-671	233	46,315
Community Services	32,136	1	32,137	-1,870	0	30,267
Sustainable Development	21,347	164	21,511	-2,938	50	18,623
Deputy Chief Executive	13,583	148	13,731	-784	176	13,123
Corporate & Democratic Core	1,579	-125	1,454	0	0	1,454
<b>Total</b>	<b>116,457</b>	<b>-871</b>	<b>115,586</b>	<b>-6,263</b>	<b>459</b>	<b>109,782</b>
<b>Corporate Finance</b>						
Discretionary Rate Relief	50		50			50
Affordable Priorities Programme	-355	355	0			0
Levies	3,219		3,219			3,219
Capital Financing & Interest	7,783		7,783			7,783
Contribution to reserves	0		0			0
	<b>10,697</b>	<b>355</b>	<b>11,052</b>	<b>0</b>	<b>0</b>	<b>11,052</b>
<b>Contingencies b/f from 2013/14</b>						
Welfare Reform	5	-5	0			0
Improvement Contingency	190		190			190
Cost of Change Contingency	500	-459	41			41
Severance Contingency	900	-900	0			0
Salary & Grading Contingency	450		450			450
General Contingency	52	-52	0			0
	<b>2,097</b>	<b>-1,416</b>	<b>681</b>	<b>0</b>	<b>0</b>	<b>681</b>
<b>Sub Total Standstill Budget</b>	<b>129,251</b>	<b>-1,932</b>	<b>127,319</b>	<b>-6,263</b>	<b>459</b>	<b>121,515</b>
<b>Pressures:</b>						
- Demographic Change	500	-250	250			250
- Council Tax Reduction Scheme	400	90	490			490
- Welfare Reform	77		77			77
- Schools Protection	318	-146	172			172
Job Evaluation Contingency	1,300		1,300			1,300
Corporate Contingency for Inflation	2,685	181	2,866			2,866
Contribution from Reserves	-240	240	0			0
	<b>5,040</b>	<b>115</b>	<b>5,155</b>	<b>0</b>	<b>0</b>	<b>5,155</b>
<b>Total</b>	<b>134,291</b>	<b>-1,817</b>	<b>132,474</b>	<b>-6,263</b>	<b>459</b>	<b>126,670</b>
<b>Funded by:</b>						
Aggregate External Funding	96,432		96,432			96,432
Council Tax	29,653	-141	29,512			29,512
Outcome Agreement Grant	545	181	726			726
<b>Total Funding</b>	<b>126,630</b>	<b>40</b>	<b>126,670</b>	<b>0</b>	<b>0</b>	<b>126,670</b>
<b>Funding Gap</b>	<b>7,661</b>	<b>-1,857</b>	<b>5,804</b>	<b>-6,263</b>	<b>459</b>	<b>0</b>

APPENDIX 2

SUMMARY OF PROPOSED SAVINGS	£'000	RISK / IMPACT
<b>LIFELONG LEARNING</b>		
<b>Education Service</b>		
Central Education - Rationalise Youth Clubs	-24	Less contact with young people and cuts to services in rural areas where Welsh language is the strongest
Central Education - Reducing Support to Mudiad Meithrin and WPPA	-3	The proposal is unlikely to affect any group disproportionately
Central Education - Implementation of the SEN Task and Finish Group Recommendations for Support to Primary Integration	-80	The proposal is unlikely to affect any group disproportionately. The proposal rationalises costs across all schools.
Central Education - Increase Rent to Community Users in Jesse Hughes Youth Centre	-1	The proposals are unlikely to affect any group disproportionately
Central Education - Cut Early Years Training Budget	-7	
Central Education - Early Years Support for Centres	-13	
Central Education - Reduction of Early Years Building Support - Reduce Repairs & Maintenance	-17	
Central Education - Reduce Schools Admission Age and other savings	-175	
Central Education - Reduce Community Wardens Posts	-13	The proposal to reduce schools admission age will reduce nursery settings but is mitigated by the possibility of raising standards of 3 year olds within the school environment. Other savings will to be identified.
Central Education - Closure of Ysgol Llandonna	-54	
Central Education - Utilisation of SEG Grant Administration	-35	
Central Education - Stop Providing Youth Packs	-7	
Central Education – Affordable Priorities Contingency	-140	
Central Education – increased income from SLAs	-47	
Performance Management in Schools	-55	
<b>Total</b>	<b>-671</b>	
<b>Lifelong Learning Total</b>	<b>-671</b>	
<b>DEPUTY CHIEF EXECUTIVE</b>		
<b>Central Services</b>		
Revenues & Benefits - Changes to Court Costs Admin.	-23	The proposals are unlikely to affect any group disproportionately
Revenues & Benefits - Delete vacant income accountant post from the budget	-24	
Finance: Staffing changes	-50	
Finance: Accountancy restructuring support	-11	
Finance: Renegotiate cash in transit contract	-12	
Finance: Stop printing Council Tax leaflet	-5	
Finance: Budget reduction printing & stationery	-25	
Finance: Budget reduction NW Procurement Partnership	-18	
Finance: Budget reduction computer equipment	-20	
Finance: Budget reduction computer licences (Old finance system)	-7	
Finance: Budget reduction travel expenses	-10	
Finance: Other efficiency savings	-7	
ICT - reduce staffing and running costs	-114	
Chief Executive - HR Reduce Central Training Budget	-39	
Chief Executive - HR Delete Admin. Post	-20	
Chief Executive - Reduce Corporate Health & Safety Initiatives	-5	

Chief Executive - Income from Annual Leave Purchase	-5	The proposals are unlikely to affect any group disproportionately
Legal - Merge Committee and Scrutiny Services management	-35	
CDC - Members Allowance Savings	-88	
CDC – Reduce budget for civic & ceremonial activities	-11	
Legal - Removal of Vacant Post, Scrutiny Officer	-36	
Policy - Reduce budget for the Anglesey Show	-6	
Policy - Review staff structures in Policy, Member Services and Business Support Units	-75	
<b>Total</b>	<b>-646</b>	
<b>Corporate</b>		
Heads of Service	-138	The proposals unlikely to affect any group disproportionately
<b>Total</b>	<b>-138</b>	
<b>Deputy Chief Executive Total</b>	<b>-784</b>	
<b>SUSTAINABLE DEVELOPMENT</b>		
<b>Planning</b>		
Reduce Supplies & Services	-5	Statutory planning services have an impact on job creation and affordable housing which may have a disproportionate impact on the Welsh language, young families and poorer members of society.
Restructuring of Building Control - Reduce staffing by one post	-25	
Restructuring of Building Control - Integration with Gwynedd	-15	
Introduction of e-Planning	-20	
Income from work associated with Ynys Ynni Programme	-75	
Open Spaces - reduced spending on Countryside and Coast	-3	
<b>Total</b>	<b>-143</b>	
<b>Public Protection</b>		
Restructuring of Public Protection	-105	Statutory public protection services have an impact on job creation and affordable housing which may have a disproportionate impact on the Welsh language, young families, older people and poorer members of society.
Income from work associated with Ynys Ynni Programme	-5	
Reduce Supplies & Services	-10	
Increased Fees & Charges	-45	
<b>Total</b>	<b>-165</b>	
<b>Waste</b>		
Reduce costs of premises and transport at Penhesgyn Transfer Station	-50	The proposals are unlikely to affect any group disproportionately
Reduce Aftercare Budget at Penhesgyn Area 2	-20	
Revised Waste Section works budget	-95	
Amended waste collection methods from April 2014	-215	
Financing of Biffa's purchase of new vehicles	-50	
Staff Reductions	-58	The proposals are unlikely to affect any group disproportionately, although it is recommended that an EIA is carried out for the proposed changes to the provision of public toilets.
Reduction in Residual Waste Tonnage	-140	
Amendments to Public Conveniences Provision	-89	
Penhesgyn Overtime Reduction	-20	
<b>Total</b>	<b>-737</b>	

<b>Property</b>		
Restructure Property Teams	-180	The proposals are unlikely to affect any group disproportionately
Rationalisation of Office Accommodation	-34	
Reduction in Car and Travel Allowances	-35	
Reduction in Industrial Estates and Sundry Properties Repairs & Maintenance	-31	
Reduction in Cleaning Contract Costs	-40	
Reduction in Admin Buildings Repairs and Maintenance	-39	
Reduction in miscellaneous expenditure, Admin Buildings	-5	
Reduction in Maritime Repairs and Maintenance	-30	
Maritime Income	-4	
Increase Industrial Estates Rent Income	-57	
<b>Total</b>	<b>-455</b>	
<b>Highways and Transportation</b>		
Fleet Management: Replace diesel fuelled vehicles with LPG fuelled vehicles	-15	The proposal to reduce bus services will have a disproportionate impact on the young, elderly and disabled and will require an in-depth EIA.  A deteriorating road network will affect the disabled and elderly disproportionately. However, the deterioration will be gradual.  The effects of the other proposed savings are unlikely to affect any group disproportionately
Increase Parking Fees	-100	
Reduced Bus Services	-89	
Reduction in the Street Lighting Budget	-200	
Reductions in Staffing	-129	
Reduced numbers of School Crossing Patrols	-25	
Reductions in Highway Maintenance	-475	
Reduction in Traffic & Public Rights of Way	-25	
<b>Total</b>	<b>-1,058</b>	
<b>Economic Development</b>		
Operating Budget	-85	The proposals are unlikely to affect any group disproportionately
Staffing Budget	-54	
<b>Total</b>	<b>-139</b>	
<b>Leisure</b>		
Operational Budget	-41	The proposals are unlikely to affect any group disproportionately
Staffing Budget	-106	
Inserting Income Budgets to meet current receipts	-74	
Additional 2% Income increase for fees and charges	-20	
<b>Total</b>	<b>-241</b>	
<b>Sustainable Development Total</b>	<b>-2,938</b>	
<b>COMMUNITY</b>		
<b>Housing</b>		
Budget Realignment with HRA	-52	The proposals are unlikely to affect any group disproportionately
Reduction in the use of an affordable housing advisor	-15	
Registered Social Landlords contribution towards the running costs of administering Common Housing Register	-15	
Housing - Freeze Housing Visitor Officer post	-15	
Housing - Freeze Housing Options (Homelessness) post	-10	
Housing - Reduce bed and breakfast costs by refurbishing 2 council dwellings for temporary accommodation	-10	EIA needed as the proposal affects the homeless
<b>Total</b>	<b>-117</b>	

<b>Social Services – Adult Social Care</b>		
Introduce Re-ablement Intake Model	-287	*Inconsistency of service providers * inconsistent re-ablement options for some people with major health problems
Provide aids and equipment to reduce “double up” visits by carers	-99	* Adequate training for staff. * Completion of adequate risk assessments. * Budgetary pressure on aids and adaptations. * Inability of individuals' housing to accommodate equipment. * Reduction in the Council's contribution into the ICES partnership budget.
Continued reviews of care packages at critical and substantial stages	-56	* Additional budgetary pressures due to changing circumstances/higher needs. * Risk to informal carers could result in family breakdown resulting in increased referrals and premature admission to residential homes.
Review of Learning disability Day Service Contracts	-21	* More control for the Department with placements. * Reduced income for the Provider Unit. * Clients may need to travel further if some services close or are re-modelled. * Further transport costs for the Department (escorts, 1:1 support).
Review management structure on in-house day services	-45	The proposals are unlikely to affect any group disproportionately
Return 3 Wellington Street to Housing Stock	-3	
Remodel Morswyn Monday night Club	-3	* Possible loss of service would have major impact for individuals (lack of social opportunities) who don't currently use LD mainstream services. * Need to change to user led service rather than supported model by Môn Care.
Review of service user transport arrangements	-17	* Impact on Môn Community Transport who could lose contract to other providers. * Negotiations with current services that provide transport could result in the Department needing to find alternative transport arrangements at a higher cost.
Value for Money review of ICES partnership agreement	-50	The proposals are unlikely to affect any group disproportionately
Review of Community Mental health staffing	-15	
General review of staffing contracts	-9	
Income maximisation strategy	-250	
Internal Home Care – reduction in wasted hours	-68	
Remodel commissioning with 3 <sup>rd</sup> sector	-18	
Voluntary redundancies	-100	
Adult Social Care – CCTV	-220	
<b>Total</b>	<b>-1,261</b>	
<b>Social Services – Children and Young People</b>		
Bryn Hwfa – reduction in hours supporting disabled children and their carers	-70	The proposals are unlikely to affect any group disproportionately
Service level agreements with the voluntary sector	-26	
Reduction in the Child-minding budget	-21	
Remodel in-house home care services for children	-20	
Reduce budget for foster care allowances	-69	
Reduce budget for adoption allowances	-44	
Reduce budget for out-of-county placements	-83	
Delete miscellaneous unused budgets	-19	
<b>Total</b>	<b>-352</b>	

<b>Culture</b>		
Staffing savings	-35	The proposals are unlikely to affect any group disproportionately
Staff Retirements at Oriel Ynys Môn	-22	
Reduction in grade and hours of an existing post after departure of a member of staff	-5	
Reduce opening of South Stack Lighthouse from 7 days to 6 in line with other seasonal sites	-4	
Reduction in service costs	-36	
Income generation - overnight paranormal sessions at Beaumaris Gaol	-5	
Cut in general promotions budget	-4	
Reduce opening of Beaumaris Gaol from 7 days to 6 in line with other seasonal sites	-3	
Leisure & Heritage central administration general budget reduction	-12	
Reduction in Art grant distribution to outside bodies	-5	
Reduce costs of Family Information Service	-2	
Miscellaneous reduction from Head of Service budget and central travel	-3	
General reduction in supporting budgets	-4	
<b>Total</b>	<b>-140</b>	
<hr/>		
<b>Community Total</b>	<b>-1,870</b>	
<hr/>		
<b>Total Savings Proposals</b>	<b>-6,263</b>	
<hr/>		

**APPENDIX 3**

	<b>Summary of Growth Bids</b>	<b>£'000</b>	<b>Comments</b>
	<b>Lifelong Learning</b>		
1	Delegated School Budget for Canolfan Y Bont 2014/2015.	158	Increase to base budget - will increase the budget gap.
2	National Model for School Improvement	75	Establishment of Regional Consortium which the Welsh Government is implementing
		<b>233</b>	
	<b>Deputy Chief Executive</b>		
3	Human Resources - Staffing	20	Permanent change funded from Performance Improvement Contingency
4	Human Resources – Systems Administrator	20	Increase to base budget - will increase the budget gap.
5	ICT – Additional staffing to provide additional resources and capacity to deal with transformation and modernisation of Council Services	88	Increase to base budget - will increase the budget gap.
6	Revenues & Benefits - Reduction HB Admin Grant	48	Increase to base budget - will increase the budget gap.
		<b>176</b>	
	<b>Sustainable Development</b>		
7	Planning & Public Protection - Building Regulations Fees	50	Increase to base budget - will increase the budget gap.
		<b>50</b>	
	<b>Total</b>	<b>459</b>	

**APPENDIX 4**

<b>Summary Of Pressures</b>	<b>£'000</b>	
<b>Lifelong Learning</b>		
<b>Education Service</b>		
Schools Protection	172	The protection level advised by the Welsh Government is a 0.45% uplift from the previous year's delegated budget.
<b>Deputy Chief Executive</b>		
<b>Finance</b>		
Revenues and Benefits	490	Funding is required to meet the difference between the grant received from the Welsh Government and the actual cost of the Council Tax Reduction Scheme, including Pensioners' Grant.
<b>Community</b>		
<b>Social Services</b>		
Demographic Change	250	Funding is required to meet new service pressures within Services for the Elderly.
Welfare Reform	77	This funding is needed to provide for the expected rise in demand for services as a result of the impact of welfare reform on individuals.
<b>Total</b>	<b>989</b>	

<b>Proposed Budget 2014/15 - Change From 2013/14</b>				
	<b>Current Budget 2013/14 £000</b>	<b>Proposed Budget 2014/15 £000</b>	<b>Change £000</b>	<b>Change %</b>
<b>Directorate</b>				
Lifelong Learning (including schools)	47,672	46,315	-1,357	-2.9%
Community Services	31,933	30,267	-1,666	-5.1%
Sustainable Development	21,347	18,623	-2,724	-12.8%
Deputy Chief Executive	13,583	13,123	-460	-3.4%
Corporate and Democratic Costs	1,579	1,454	-125	-7.9%
Levies	3,219	3,219	0	0%
Discretionary Rate Relief	50	50	0	0%
Capital Financing and Interest	7,185	7,783	598	8.3%
Contribution to Reserves	500	0	-500	-100.0%
Affordable Priorities Programme Initiatives (savings)	-355	0	355	-100.0%
<b>Total</b>	<b>126,713</b>	<b>120,834</b>	<b>-5,879</b>	<b>-4.6%</b>
Budget Pressures	-	989	989	-
General Contingency	350	2,866	2,516	718.8%
Job Evaluation Contingency	-	1,300	1,300	-
Severances Contingency	1,000	0	-1,000	-100.0%
Cost of Change Contingency	500	41	-459	-91.8%
Other Specific Contingencies	690	640	-50	-7.2%
Contribution from/ to Balances	-	-	-	-
<b>Total</b>	<b>129,253</b>	<b>126,670</b>	<b>-2,583</b>	<b>-2.0%</b>
<b>Funded by:</b>				
Aggregate External Funding	100,685	96,432	-4,253	-4.2%
Council Tax	28,023	29,512	1,489	5.3%
Outcome Agreement Grant	545	726	181	33.2%
<b>Total Funding</b>	<b>129,253</b>	<b>126,670</b>	<b>-2,583</b>	<b>-2.0%</b>
<b>Funding Gap</b>	<b>0</b>	<b>0</b>	<b>0</b>	