

REPORT TO:	Executive Board
REPORT NO:	COFI/55/19
DATE:	23 July 2019
LEAD MEMBER:	Councillor Mark Pritchard (Organisation – Finance, Performance, Health & Safety and Governance)
CONTACT OFFICER:	Mark Owen (Tel: 292704)
SUBJECT:	Revenue Budget 2020/22
WARD:	N/A

1. PURPOSE OF THE REPORT

To approve the Phase 1 2020/22 budget proposals.

2. EXECUTIVE SUMMARY

- 2.1 The 2020/22 budget planning process was considered and the timetable approved by members of the Executive Board on 9 April 2019 (COFI/31/19). At an all member budget workshop on 29 April 2019 members were reminded of the approved medium term financial plan which estimated a budget shortfall of around £9.8m over the next two years of which £5.4m related to the 2020/21 financial year.
- 2.2 Given the anticipated level of budget cuts required it is considered prudent to adopt a two phased approach to the 2020/22 budget process. Phase 1 focuses on service proposals that can be approved before the summer recess whereas Phase 2 will include proposals that will be considered following publication of the Provisional Local Government Revenue and Capital Settlement.
- 2.3 Service cuts for 2020/21 and 2021/22 are outlined in Appendix 1. These service cuts have been categorised into those that can be approved and start planning for implementation by the summer, Type 1 and those that will be approved for further research and engagement, Type 2.
- 2.4 The service cuts in Appendix 1 amount to £2,309k for 2020/21 and £715k for 2021/22 leaving a possible shortfall of £3.1m for 2020/21.

3 RECOMMENDATIONS

- 3.1 To support the budget approach for 2020/22.**
- 3.2 To approve the service changes and associated charges categorised as Type 1 and amounting to £1,396k for 2020/21 and £575k for 2021/22 as outlined in Appendix 1, so that officers can start work on implementing.**
- 3.3 To approve further research/consultation and engagement where appropriate on the service proposals categorised as Type 2 and amounting to £913k for 2020/21 and £140k for 2021/22.**

REASONS FOR RECOMMENDATIONS

- (i) To enable the Council to make progress in developing its revenue budget for the 2020/21 and 2021/22 financial years.

4. BACKGROUND INFORMATION

Medium Term Financial Plan

- 4.1 The Council's Medium Term Financial Strategy (approved by Council on 20 February 2019) highlights the need to make savings of approximately £9.8m over the period 2020/21 to 2021/22. At an all member budget workshop on 29 April 2018 members were reminded of the financial planning parameters for the 2020/21 financial year and the estimated budget shortfall of £5.4m. The assumptions made in respect of 2020/21 were as follows:
- Council tax increase of 5.5%
 - Assumed decrease in grant funding of 0% (All Wales average decrease)
 - Inflation assumption as follows:
 - Average pay award of 2.5%
 - General price increases of 2%
 - Social Care Fees, PFI & Council Tax Reduction Scheme of 3%
 - Known unavoidable commitments.
- 4.2 In the Spring Statement, the Chancellor announced that a three year spending review covering the period 2020/21 to 2022/23 would start before the summer recess. He also stated that the review would be dependent on reaching a deal to exit the European Union. It is therefore likely that the Government will abandon plans for a three year spending review in favour of a one-year programme.
- 4.3 We anticipate that the Welsh Government will be publishing its own budget and the provisional Local Government Revenue and Capital settlement for 2020/21 during the autumn/winter. It is at this point that the Council will have a specific indication of its funding for 2020/21.
- 4.4 If the Local Government Revenue Settlement for 2020/21 resulted in an increase in grant funding of 1% or 2% then the budget shortfall for 2020/21 would reduce to

£3.7m and £2m respectively. A 1% reduction in grant funding would increase the budget shortfall for 2020/21 to approximately £7.2m.

- 4.5 As a minimum the Council would ask that pay and pensions (for Council and school based employees) are fully funded as part of the national agreement for pay awards. The Social Care Workforce must be treated equally to the NHS workforce. Any increased costs imposed by legislation are fully funded by Welsh Government and that specific grants are transferred in to the Revenue Support Grant (as at least their current level) to enable greater flexibility for local authorities in meeting the funding challenges.

Budget Narrative

- 4.6 The Council has made efficiencies and cuts in its budget of over £62m since the economic crisis in 2007/2008 and the first austerity measures were introduced in late 2008. This equates in real terms to just over 25% of the current budget of £237m. In terms of employee numbers then there been a significant drop of 600 or 12% from the 5,000 full time equivalent employees that were here ten years ago. As a further contribution to these cuts, this year the Council has reduced the size of its senior leadership team which helped reduce the budget by over £300k. The Council is no longer in a position where it can continue to do everything it did five years ago and has reached a tipping point because of the level of cuts and difficult decisions have to be made that will impact on residents.
- 4.7 In this context the Council needs to have a clear vision about its role, what it can deliver with limited resources, how it works co-operatively with others, and how it is going to approach the 2020/21 budget, if it is to continue to achieve strong service delivery and financial management. Even with these in place difficult decisions will need to be made about which services have to be stopped or reduced. It is impossible not to stop service delivery when the budget has dropped so much in real terms.
- 4.8 The Council has agreed in-year priorities to help inform future delivery of work and resource decisions, which will maximise the impact on developing Wrexham as a place and its people. It will continue to review its services, focus on the quality of services and maintain strong financial management. The six priorities are:
- Developing the Economy
 - Ensuring a Modern and Resilient Council
 - Ensuring Everyone is Safe: this is a basic right for everyone
 - Improving Secondary Education: this is key to our future
 - Improving the Environment: these are local community services which everyone sees as important
 - Promoting Health and Well Being: only by doing this will we be able to try to reduce the ever increasing demand in social care
- 4.9 Work on the budget needed to start early to achieve a budget for April 2020. Only a balanced approach to this work will achieve the delivery of our vision and priorities, ensuring our key services are sustainable and being able to balance the budget. A balanced approach requires the following factors to be considered:
- a) Advocating for more resources from national governments: as a minimum it is only fair that pay rises and additional pressures created by

new national legislation are fully funded - recently this has not been the case with national pay and pension rises having to be partly funded by local government and planned national legislation such as that associated with Additional Learning Needs, unlikely to receive the money to operate the changes.

- b) Considering carefully council tax rises: The Band D rate of council tax in Wrexham is very low. The Council recognises the impact council tax rises have on local people and will need to balance this with the potential impacts on services if increases are not made.
- c) Stopping/cutting services and reducing service levels: In areas that are not a priority, services will have to stop or reduce to achieve the budget for the financial year commencing in April 2020. This will impact on both discretionary and mandatory services. Our approach is no longer solely about re-shaping services - our services are continually being re-shaped, it is about re-prioritising services to ensure that priority and essential services are sustainable and resilient.
- d) Making efficiencies in the way we deliver services: Much of the £62m saving has been in efficiencies so there is only a limited amount left in this area, but we will continue to work hard to identify and deliver these.
- e) Working co-operatively with partners and communities: In areas where services are at risk, early notification needs to be provided so work can take place with partners, local authorities and local communities to see what alternative provision might be possible to sustain important services.

Budget Approach

- 4.10 A prudent budget approach has been adopted and the process has been split into two phases. Phase 1 will focus on decisions that can be made now and before the summer recess. Phase 2 will cover decisions that can be made in the autumn following publication of the Provisional Local Government Revenue and Capital Settlement for the 2020/21 financial year.
- 4.11 Since the last all member budget workshop and in line with the approach outlined in paragraph 4.4 c, Chief Officers have been reviewing their services to identify service areas that can be reduced or cut. Proposals have been identified and these have been categorised as follows:

Type / Timing		
Type 1 Before summer	Type 2 Autumn	Type 3
Progress with implementation of plans under delegated authority	Progress with further engagement to design the solution	Come back in Autumn in terms of details
Already undertaken external consultation	Needs consultation and engagement	Needs consultation and engagement
May need staff consultation	May need staff consultation	May need staff consultation
E.g. Income generation	E.g. proposed change in	

in line with the Council's existing Full Cost Recovery Policy or already in process / planned, anticipated reduction in demand	delivery model	
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Phase 1 - 2020/22 Changes

- 4.12 Appendix 1 includes proposals categorised as Type 1 and Type 2 that will be achieved for the 2020/21 and 2021/22 financial years.

5 IMPLICATIONS

- 5.1 Policy Framework** – These consultation proposals have been formulated with close regard to the Council Plan.

The proposed cuts have been carefully drafted to minimise the impact on the Council's priority outcomes.

- 5.2 Budget** – The Council's net revenue budget for 2019/20 is £236,853,291 as agreed on 20 February 2019 (HF/06/19).

- 5.3 Legal** – There is a legal requirement to set a balanced Council Budget for 2020/21 and to set consequent council tax levels.

- 5.4 Staffing** – There are staffing implications contained within the budget cuts.

- 5.5 Equality/Human Rights** — An overall Equality Impact Assessment has been completed FIN/EIA00182/2019. Members of the public can request a copy of the Equality Impact Assessments from the Chief Officer Finance & ICT.

Individual cuts have been assessed separately and the references are outlined in Appendix 1.

- 5.6 Risks** – Chief Officers have undertaken risk analyses of the suggested cuts.

6. CONSULTATION

- 6.1 The Schools Budget Forum and Schools have been regularly updated on the anticipated budget.

- 6.2 The proposals outlined in Appendix 1 were considered by members at an all Member Budget workshop on 2 July 2019.

- 6.3 Early engagement has already taken place with the recognised Trade Unions on this approach and any required formal consultation on the proposed cuts which impact on the workforce will be undertaken with Trade Unions and staff.

- 6.4 A number of the service cuts were subject to public consultation as part of the 'Difficult Decisions 2019/20'.

7. SCRUTINY COMMITTEE COMMENTS

- 7.1 With the Type1 and Type 2 cuts then these have been formulated and shared through an all member budget workshop. The general process for the budget was agreed in report COFI/31/19 on the 9 April 2019. Scrutiny committees will be able to concentrate on the planned implementation arrangements.

BACKGROUND PAPERS	LOCATION	WEBSITE INFO.
2019/20 Budget		https://www.wrexham.gov.uk/english/council/budget_book/index.htm

2020/21 & 2021/22 Budget Changes

Description	Impact on Council Priorities	Time/Type i.e. T1 or T2	Equality Impact Assessment Reference	Net Budget Change	
				2020/21	2021/22
				£	£
<u>Social Care</u>					
1 Adult Social care will continue our successful approach to developing and modernising services to ensure we focus on supporting people to maximise and maintain their independence, reducing the need for care and support where appropriate, developing supported living to reduce the need for high cost placements and to continue to lead the way in building new supported living accommodation to enable more people to experience their own home with flexible care and support available. This is a continuation of our approach over the past few years and is enabling us to more effectively manage resources whilst achieving improved outcomes for the people we support.	Promoting Good Health and Wellbeing and Ensuring Everyone is Safe	T1	ASC/EIA00106/2019	533,338	500,000
2 Bring charges for services in line with actual costs (WCBC full cost recovery model) and in line with Welsh Government increased community care charging cap	Promoting Good Health and Wellbeing	T1	ASC/EIA00107/2019	175,720	0
				709,058	500,000
<u>Education & Early Intervention</u>					
1 Youth Justice Service delivery model	Strong links to 3 of the Council's in year priorities 1. Improving secondary education through the underpinning activity of "reducing persistent absenteeism and reducing exclusions" 2. Promoting good health and well being 3. Ensuring everyone is safe	T1	E/EIA00049/2018	30,000	0
				30,000	0
<u>Chief Executive's</u>					
1 PIPS - Planned restructure of resources and reduction of requirements for travel and printing	No direct impact on Council's priorities	T1	Chief Executive's/EIA00002/2019	10,000	0
2 Human Resources - planned reduction in service hours	No direct impact on Council's priorities	T1	CCS/EIA00216/2019	5,000	0
3 Workforce Development - Reduction in health specific Social Care grant element	No direct impact on Council's priorities	T2 - no decisions required just time to transition	CCS/EIA00216/2019	6,000	0
				21,000	0
<u>Governance and Customer</u>					
1 Departmental efficiency review including vacancy control	Supports modern and resilient Council	T2	G&C/EIA00001/2019	23,000	0
				23,000	0

2020/21 & 2021/22 Budget Changes

Description	Impact on Council Priorities	Time/Type i.e. T1 or T2	Equality Impact Assessment Reference	Net Budget Change	
				2020/21	2021/22
				£	£
<u>Finance & ICT</u>					
1 Insurance – reduce central insurance budget	No direct impact on Council's priorities	T1	FIN/EIA00181	50,000	0
				50,000	0
<u>Planning & Regulatory</u>					
1 Planning function - vacancy control	Place - may impact on statutory Planning service	T1	SMT/EIA00031/2019	40,200	0
2 Income Maximisation - increase charges	Ensuring a modern and resilient Council	T1	SMT/EIA00031/2019	1,000	0
				41,200	0
<u>Housing & Economy</u>					
1 Libraries Review - to review the way in which the Council delivers its library service and consider where the opportunities are to integrate with other services through either co-location or method of service delivery.	Promoting Good Health and Wellbeing	T2	HE/EIA00112/2017	200,000	100,000
2 Memorial Hall - to review the operating model and to improve usage, thereby generating increased income.	Developing the Economy	T1	HE/EIA00159/2018	0	30,000
3 Resource Centres - to review the operating models in order to generate additional income from increase in usage.	Developing the Economy	T1	HE/EIA00159/2018	0	40,000
4 Maximisation of fee income from the administration of private sector housing loans.	Ensuring Everyone is Safe	T1	HE/EIA00207/2019	5,000	5,000
5 Free Breakfast Care - increase from £1 to £1.50 per session from Sept 2020 and then to £2 from Sept 2021.	Promoting Good Health and Wellbeing	T2	HE/EIA00091/2017	35,000	40,000
				240,000	215,000
<u>Corporate & Central</u>					
1 Delete vacant post of Carbon Efficiency Officer	Ensuring a Modern and Resilient Council	T1	HE/EIA00208/2019	30,857	0
				30,857	0

2020/21 & 2021/22 Budget Changes

Description	Impact on Council Priorities	Time/Type i.e. T1 or T2	Equality Impact Assessment Reference	Net Budget Change	
				2020/21 £	2021/22 £
<u>Environment & Technical</u>					
<i>Service Improvements & Efficiencies:</i>					
<i>Significant progress has been made to date;</i>					
<i>i) Reduction in Agency Staffing by 90% (from 65 to 7)</i>					
<i>ii) Review of staffing structure including senior management team</i>					
<i>iii) Existing budget brought back into line reducing a £1.2M pressure</i>					
<i>Improving the Environment Priority</i>					
1 Refuse Collection & Disposal - Review of waste and recycling collection models	Improving the Environment Priority	T2	EP/EIA00040/2017 ENV/EIA00045/2015 ENV/EIA00040/2015	47,000	0
2 Refuse Collection & Disposal - Introduce a £25 charge for the first green bin and £25 for each additional green bin collection	• Improving the Environment Priority	T1	ENV/EIA00044/2015	500,000	0
3 Review of Highway Maintenance Standards - 10% standards reduction	• Improving the Environment Priority • Developing the Economy Priority	T2	E&T/EIA00001/2019	95,000	0
4 Review of Grounds Maintenance standards Improve the ecological/biodiversity prioritisation within wards	• Improving the Environment Priority	T2	E&T/EIA00002/2019	249,000	0
5 Streetworks Coordination - Review Fee tariffs (10% fee increase)	• Improving the Environment Priority • Developing the Economy Priority	T1	ENV/EIA00014/2014	15,145	0
6 Review Country Parks Delivery Model	• Improving the Environment Priority • Promoting Good Health & Well Being Priority	T2	E&T/EIA00003/2019	153,000	0
7 Review Parking Tariffs & Pricing Bands	• Developing the Economy Priority	T2	EP/EIA/00038/2017	74,948	0
8 Review PROW standards - 33% standards reduction	• Improving the Environment Priority • Promoting Good Health & Well Being Priority	T2	E&T/EIA00004/2019	30,000	0
9 Review Allotment Fee tariffs - weekly increase of 24p for a full plot , 14p for a half plot and 8p for a quarter plot	• Improving the Environment Priority • Promoting Good Health & Well Being Priority	T2	E&T/EIA00005/2019	200	0
				1,164,293	0
	TOTAL BUDGET CUT SUGGESTIONS			2,309,408	715,000
		T1		1,396,260	575,000
		T2		913,148	140,000
				2,309,408	715,000