

CABINET

Date of Meeting	Tuesday, 12 th December 2017
Report Subject	Financial Forecast and Stage Two of the Budget 2018/19
Cabinet Member	Leader of the Council and Cabinet Member for Finance
Report Author	Corporate Finance Manager and Chief Executive
Type of Report	Strategic

EXECUTIVE SUMMARY

The annual budget for 2018/19 is being developed in three stages:

Stage One - Portfolio Business Plan proposals endorsed by Cabinet were reviewed by the respective Overview and Scrutiny Committee throughout October and approved by Council on 14 November 2017.

Stage Two - Secondary Options were shared with Members initially at a workshop in November and were considered at Corporate Resources Overview and Scrutiny Committee on 6 December 2017. Verbal feedback will be provided at the meeting on the views of the Committee.

Stage Three - Final Balancing options will be need to be considered through January and February for the Council to be able to approve a balanced budget to meets its statutory duty.

Stage One budget proposals of £3.1m were approved by Council on 14 November 2017 reducing the budget gap from £13.6m to £10.5m, excluding the impact of in-year risks and pressures.

Cabinet is invited to consider the feedback from Scrutiny on Stage Two of the budget strategy and make recommendations to Council.

RECOMMENDATIONS

1	Cabinet to consider feedback from Corporate Resources Overview and Scrutiny Committee and to make a recommendation to Council on Stage 2 of the budget strategy.
2	Note the remaining stages of the budget process and the timescales.

REPORT DETAILS

1.00	EXPLAINING THE LATEST POSITION ON THE BUDGET 2018/19
	Budget Process and Timeline
1.01	The annual budget for 2018/19 is being developed in three stages.
1.02	<p>The stages are:-</p> <p>Stage One - Portfolio Business Plan proposals endorsed by Cabinet were reviewed by the respective Overview and Scrutiny Committee throughout October and approved in November.</p> <p>Stage Two - Secondary Options have been developed for consideration and were considered by Corporate Resources Overview and Scrutiny Committee on 6 December 2017. The scrutiny report is appended as Appendix A.</p> <p>Stage Three - Final Balancing options will be need to be considered through January and February for the Council to be able to approve a balanced budget to meets its statutory duty.</p>
	Stage One budget proposals
1.03	Stage One budget proposals of £3.1m were approved by Council 14 November 2017 reducing the budget gap from £13.6m to £10.5m, excluding the impact of in-year risks and pressures.
	Stage Two – Portfolio Budget Options
1.04	Stage two budget proposals were shared at a Member workshop in November where initial feedback was sought on proposals. These proposals were also considered by Corporate Resources Overview and Scrutiny at its meeting on 6 December. Verbal feedback will be provided at the meeting on the views of the Committee.
	Emerging Issues affecting the forecast
1.05	In 2017/18 there is a projected budget Council Fund overspend of £1.3m which will impact, to some extent, on the forecast gap for 2018/19. The variances in expenditure which are at the cause of the over-spend are under critical examination. Any carry-forward of any recurring overspend in the

	base budget will increase the budget gap for 2018/19 and will be considered within stage three of the budget.
1.06	Next Steps and Timescales The Final Local Government settlement is due to be received 20 December which will determine the amount of grant funding to be received from Welsh Government for 2018/19.
1.07	Stage Three of the budget – the closing stage in January and February – will be the most challenging.

2.00	RESOURCE IMPLICATIONS
2.01	As set out within the report

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	All Member Workshops in July, September and November.
3.02	Overview and Scrutiny Meetings in October
3.03	School Budget Forum in October.
3.04	Public Engagement Sessions throughout October and November

4.00	RISK MANAGEMENT
4.01	The Settlement is provisional only at this stage. The Final Settlement is due to be announced on 20 December 2017.
4.02	Within the Settlement there is limited information on specific grants. Proposed reductions in and change to specific grants pose a significant risk. The Education Improvement Grant and Single Environment Grant are of particular concern.

5.00	APPENDICES
5.01	Appendix A – Corporate Resources Overview and Scrutiny Committee report 6 December 2017

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Contact Officers: Colin Everett and Gary Ferguson Telephone: 01352 702101

	E-mail: gary.ferguson@flintshire.gov.uk
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8.00	GLOSSARY OF TERMS
8.01	<p>Medium Term Financial Strategy (MTFS): a written strategy which gives a forecast of the financial resources which will be available to a Council for a given period, and sets out plans for how best to deploy those resources to meet its priorities, duties and obligations.</p> <p>Revenue Support Grant: the annual amount of money the Council receives from Welsh Government to fund what it does alongside the Council Tax and other income the Council raises locally. Councils can decide how to use this grant across services although their freedom to allocate according to local choice can be limited by guidelines set by Government.</p> <p>Specific Grants: An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.</p> <p>Office of Budget Responsibility: created in 2010 to provide independent and authoritative analysis of the UK public finances.</p> <p>Institute of Fiscal Studies: formed in 1969 and established as an independent research institute with the principal aim of informing public debate on economics in order to promote the development of effective fiscal policy.</p> <p>Independent Commission on Local Government Finance in Wales: established to examine how local government funding can be made more sustainable with a view to providing specific recommendations for improvement and reform.</p> <p>Welsh Local Government Association: the representative body for unitary councils, fire and rescue authorities and national parks authorities in Wales.</p>