

Public Document Pack



Contact Officer:
Nicola Gittins on 01352 702345
nicola.gittins@flintshire.gov.uk

To: All Members of the Council

9 November 2016

Dear Councillor

You are invited to attend a meeting of the Flintshire County Council which will be held at 2.00 pm on Tuesday, 15th November, 2016 in the Council Chamber, County Hall, Mold CH7 6NA to consider the following items

A G E N D A

1 PRESENTATIONS

Recognition of RIO 2016 Paralympics success.

2 APOLOGIES FOR ABSENCE

Purpose: To receive any apologies.

3 COUNCIL MINUTES (Pages 3 - 12)

Purpose: To confirm as a correct record the minutes of the meeting held on 19 October 2016.

4 DECLARATIONS OF INTEREST

Purpose: To receive any Declarations and advise Members accordingly.

5 PETITIONS

Purpose: To receive any Petitions.

6 PUBLIC QUESTION TIME

Purpose: To receive any Public Questions.

7 QUESTIONS

Purpose: To note the answers to any questions submitted in accordance with County Council Standing Order No. 9.4(A).

8 NOTICE OF MOTION

Purpose: To consider any Notices of Motion.

**9 WELSH LOCAL GOVERNMENT PROVISIONAL SETTLEMENT 2017/18
(Pages 13 - 36)**

Report of Chief Executive and Corporate Finance Manager enclosed.

Purpose: To advise council of the details of the Welsh Local Government Provisional Settlement and the impact on the 2017/18 budget.

10 COUNCIL FUND BUDGET 2017/18 - STAGES 1 AND 2 (Pages 37 - 52)

Report of Chief Executive enclosed.

Purpose: To approve the Stage 1 budget proposals; and
To endorse the strategy for Stage 2 of the budget for further work and reporting back.

Yours faithfully



Robert Robins
Democratic Services Manager

WEBCASTING NOTICE

This meeting will be filmed for live broadcast on the Council's website. The whole of the meeting will be filmed, except where there are confidential or exempt items, and the footage will be on the website for 6 months.

Generally the public seating areas are not filmed. However, by entering the Chamber you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and / or training purposes.

If you have any queries regarding this, please contact a member of the Democratic Services Team on 01352 702345

FLINTSHIRE COUNTY COUNCIL
19th OCTOBER 2016

Minutes of the meeting of Flintshire County Council held in the Council Chamber, County Hall, Mold on Wednesday, 19th October 2016

PRESENT: Councillor Peter Curtis (Chairman)

Councillors: Alex Aldridge, Bernie Attridge, Glyn Banks, Marion Bateman, Chris Bithell, Helen Brown, Derek Butler, Clive Carver, David Cox, Paul Cunningham, Paul Cunningham, Adele Davies-Cooke, Alan Diskin, Glenys Diskin, Chris Dolphin, Ian Dunbar, Andy Dunbobbin, Carol Ellis, David Evans, Veronica Gay, Robin Guest, Ron Hampson, George Hardcastle, David Healey, Cindy Hinds, Ray Hughes, Dennis Hutchinson, Hilary Isherwood, Joe Johnson, Kevin Jones, Richard Jones, Colin Legg, Brian Lloyd, Richard Lloyd, Dave Mackie, Nancy Matthews, Hilary McGuill, Ann Minshull, Billy Mullin, Tim Newhouse, Sara Parker, Mike Peers, Vicky Perfect, Mike Reece, Gareth Roberts, Ian Roberts, David Roney, Tony Sharps, Aaron Shotton, Paul Shotton, Ian Smith, Nigel Steele-Mortimer, David Williams, David Wisinger and Arnold Woolley

APOLOGIES:

Councillors: Alex Aldridge, Haydn Bateman, Ron Davies, Adele Davies-Cooke, Rosetta Dolphin, Veronica Gay, Robin Guest, Alison Halford, Ron Hampson, Ray Hughes, Dennis Hutchinson, Joe Johnson, Christine Jones, Richard Jones, Phil Lightfoot, Neville Phillips, Nigel Steele-Mortimer, Carolyn Thomas and Matt Wright

IN ATTENDANCE:

Chief Officer (Governance), Chief Officer (Education and Youth), Chief Officer (Organisational Change), Chief Officer (Planning & Environment), Chief Officer (Social Services), Chief Officer (Streetscene & Transportation), Member Engagement Manager and Team Manager – Committee Services

44. PRESENTATIONS

The Chairman welcomed the following to the meeting to receive presentations:

Countryside Services

The Chief Officer (Planning and Environment) said the slides demonstrated the wide variety of work undertaken in the service and demonstrated partnership and collaborative working.

The Deputy Leader and Cabinet Member for Environment, Councillor Bernie Attridge, said that the award presented by Aggregate Levy Funds Wales not only celebrated the work of the Countryside Services team, for delivering the best project it funded in 2015, it was also testament to the power of the voice of local communities who called for the safeguarding of those significant landmarks. As a result of the quality of work undertaken by the Countryside Services Team visitors, school children and local people were enjoying visits to the site and learning about its rich heritage.

Councillor Legg congratulated the team and paid tribute to them for their hard work.

Environmental Health Team

The Chief Officer (Planning and Environment) said this had been a multi-agency project which had been co-ordinated by the Chief Officer (Community and Enterprise). The Environmental Health Team had been awarded the Organisation of the Year Award at the House of Lords in the summer.

The Cabinet Member for Waste Strategy, Public Protection and Leisure said the Chartered Institute of Environmental Health had awarded Flintshire's Environmental Health Officers 'Organisation of the Year' because their achievements showcased the importance of Environmental Health in terms of both safeguarding those people affected and ensuring that criminal wrong doing was punished. Their actions and powers saved the lives of 107 people who were trapped in a horrendous situation and who had come to the UK to legitimately work in order to earn an honest living and support their families.

Councillor Christine Jones expressed her thanks to the team for the operation which was within her ward. She said it was a sensitive process that took a number of months to plan. She commented on Anti-Slavery day which was the previous day of which this had been an example of.

45. COUNCIL MINUTES

The minutes of the meeting held on 26th September 2016 had been circulated with the agenda.

Accuracy

Apologies to be recorded for Councillors Richard Lloyd and David Wisinger.

RESOLVED:

That subject to the above amendments, the minutes be approved as a correct record.

46. DECLARATIONS OF INTEREST

The Chief Officer (Governance) advised that all Members had a personal interest in agenda item number 12 – Independent Remuneration Panel for Wales (IRPW) Draft Annual Report for 2017.

Councillor Dunbobbin declared a personal interest in agenda item number 10 – Annual Performance Report 2015/16.

Councillor Banks declared a personal interest in agenda item number 11 – Contract Procedure Rules.

47. CHAIRMAN'S COMMUNICATIONS

A copy of the Chairman's communications had been circulated to all Members prior to the meeting.

Councillor Mullin referred to Anti-Slavery Day the previous day and read out the following statement:

"It is of grave concern to this Council that, despite the abolition of the transatlantic slave trade over 200 years ago, modern-day slavery still exists in the UK, and overseas, today. Human trafficking and exploitation is a major issue, with children, women and men being victims of terrible abuse. This Council urges residents of Flintshire and beyond to be proactive in our fight against it, and this is an issue which concerns us all".

48. PETITIONS

The Chief Officer (Governance) advised that none had been received.

49. PUBLIC QUESTION TIME

The Chief Officer (Governance) advised that none had been received.

50. QUESTIONS

The Chief Officer (Governance) advised that none had been received.

51. NOTICE OF MOTION

The Chief Officer (Governance) advised that none had been received.

52. ANNUAL PERFORMANCE REPORT 2015/16

The Chief Officer (Organisational Change) introduced the Annual Performance Report for 2015/16 which reviewed progress against the Improvement Priorities as detailed in the Improvement Plan 2015/16.

The report reflected the overall good progress that had been made against the priorities and the high level of confidence in achieving the desired outcomes. It also demonstrated that risks were managed well, with only 1 remaining at a high level at year end.

The Corporate Business and Communications Executive Officer delivered a presentation which covered the following areas:

- Format and content
- Performance Overview 2015/16
- Progress Overview
- Highlights
- Areas for Improvement

- Performance Overview
- Wales Audit Office (WAO) – 2015/16 View
- Overview
- Next Steps

A sheet had been handed to Members which listed a number of addendums to the report, some of which had arisen following the Cabinet meeting the previous day.

Councillor Mullin thanked the officers for their work on the Annual Performance Report.

Councillor Carver commented on the number of addendums given to Members at the meeting and moved that the report be deferred to be amended and brought back before all Members at a future meeting. This was duly seconded by Councillor Richard Jones. The Corporate Business and Communications Executive Officer explained that the addendums were technical amendments in the main and had been taken into account in the presentation delivered.

Councillor Aaron Shotton said the report had been considered at each of the Overview and Scrutiny Committees as part of the process of consultation. The addendums addressed any comments made at the Overview and Scrutiny Committee meetings. There were no substantial changes in the paper given to Members.

Councillor Dolphin acknowledged the amount of work done on the APR. However, he commented on town and rural regeneration and stressed the importance of rural areas. He also commented on transport infrastructure and asked how the information had been assessed. On C roads, he queried the improvement of roads in rural locations.

The Chief Officer (Governance) reminded Members that they needed to be speaking on the amendment at this point.

Councillor Richard Jones said he would have also sought a deferment. 12 of the addendums were numerical which he said had an impact on the data throughout the document. He also queried whether Wales Audit Office (WAO) had seen the 31 addendums. He commented on missing items from the original document and supported Councillor Carver's motion of deferral. The Corporate Business and Communications Executive Officer explained that WAO had seen a first draft of the document and made comments. A Certificate of Compliance would not be issued by WAO until the document was published on the website.

Councillor Peers said the report was not considered at the Community and Enterprise Overview and Scrutiny Committee; it was last considered by that Committee in March 2016. He felt it was unacceptable to be presented to Members today with the addendums circulated.

Councillor Guest said it was not ideal that the list of addendums had not been seen by Members prior to the meeting. Some of the changes were marginal which would not necessarily require a deferment but he asked for further information on the point raised by Councillor Richard Jones on missing information. The Corporate

Business and Communications Executive Officer said she did not have the original document before her but it had been the intention to include all areas of commitment that had been made including the measures.

Councillor Bithell commented on one of the addendums which had been included following the Cabinet meeting the previous day and related to Disabled Facilities Grants for children. He thanked the officer for the amendment which provided a more accurate picture of the priority.

Councillor Mullin reiterated that the addendums were technical amendments and should not distract from a positive news report.

Councillor Carver requested a recorded vote and was supported by the requisite number of Members. On being put to the vote the amendment was lost.

For the amendment:-

Councillors: Carver; Dolphin; Gay; Guest; Hutchinson; Isherwood; Richard Jones; Mackie; Matthews; McGuill; Peers; Gareth Roberts; Steele-Mortimer and Woolley.

Against the amendment:-

Councillors: Attridge; Banks; Bateman; Bithell; Brown; Butler; Cox; Cunningham; Curtis; Alan Diskin; Glenys Diskin; Dunbar; Dunbobbin; Ellis; Evans; Hampson; Hardcastle; Healey; Hinds; Hughes; Johnson; Christine Jones; Kevin Jones; Brian Lloyd; Richard Lloyd; Mullin; Newhouse; Parker; Perfect; Ian Roberts; Roney; Sharps; Aaron Shotton; Paul Shotton; Smith; David Williams and David Wisinger.

Abstentions:-

Councillor Colin Legg.

The Chief Officer (Governance) advised that any debate was now on the substantive motion.

Councillor Ellis commented on Risk Reference IP2.1.2R1 – ‘Funding between Health and Council does not transfer smoothly; e.g. CHC, ICF, Primary Care Funds’ which was risk rated as amber and was the only risk with an increasing trend. She said continuing health care had a big impact on the social services budget which had been raised in Social and Health Care Overview and Scrutiny Committee. Attempts had been made to hold Betsi Cadwalader Health Board to account as it was a worrying position for the residents of Flintshire.

Councillor Aaron Shotton said the APR was a culmination of 12 months of work and commented on some of the positive areas within the report such as increasing the numbers of new Council and affordable homes through the Strategic Housing Regeneration Programme (SHARP).

Councillor Paul Shotton also commented on the positive outcomes within the report which were being achieved despite Flintshire being a low funded Council per capita.

Councillor Peers supported those positive comments but raised concerns on inconsistency. Section 1 showed Appropriate and Affordable Homes as having an outcome RAG status of green which he felt was fair in relation to new homes. However, on affordable housing supplied through Section 106 Agreements he felt this was not the case. In February 2016 the Community and Enterprise Overview and Scrutiny Committee received a report which showed that the supply of affordable housing would continue to be insufficient to meet community needs. This was shown as Risk Reference IP1.1.1R3 which showed that risk as having an initial rating of red however that had now moved to amber despite no supporting commentary. He sought clarification on Risk Reference IP7.2.1R4 'Recycling programmes are not supported by the public and employees'.

Councillor Richard Jones reiterated his comments on items from the original document not being included in this document such as: filling of accommodation; one page profile in care homes; evaluation of impact of pilot schemes on the older people's commissioner's report; launch of a construction academy; entrepreneurs programme; and environmental improvement programme in Garden City. Councillor Christine Jones thanked the officers for the amendment in relation to the number of Memory Cafes which was 6 and not 16 as detailed. She also confirmed that the work on one page profiles in care homes had been completed.

Councillor Guest asked sought clarification on the figures on the slide 'Performance Overview' which totalled 108%.

Councillor David Williams asked if the amendments circulated would be included in the final document which was confirmed.

On being put to the vote, the substantive motion was carried.

RESOLVED:

That the 2015/16 Annual Performance Report be adopted as recommended by Cabinet.

53. CONTRACT PROCEDURE RULES

The Chief Officer (Governance) introduced the report on Contract Procedure Rules (CPRs).

The CPRs set out how officers must advertise and award contracts to ensure that they were let in a lawful, fair and open manner. It was timely to review them in light of changes in European procurement law, the introduction of the Well Being of Future Generations Act, the move to electronic procurement and the introduction of the new Welsh Language Standards.

The Council shared its procurement service with Denbighshire County Council and adopting the same CPRs would ensure consistency for suppliers and the service itself.

The contract values and appropriate authorisation levels were detailed in the report. Also outlined was information on community benefits which were additional services or investment made by contractors in addition to the goods and services they were contracted to provide. An example of such a benefit was the apprenticeship scheme as part of the SHARP programme.

Councillor Attridge moved approval which was duly seconded.

Councillor Aaron Shotton explained that the report had been considered at Audit Committee, Cabinet and Constitution Committee. The changes to the CPRs would see the threshold for mandatory inclusion of community benefits being dropped from £2 million to £1 million. That was not only in line with Welsh Government's Procurement Policy Guidance, but also reflected the Council's Improvement Plan where the aspiration was to include community benefit clauses in every contract.

Councillor Peers sought clarification on contracts being awarded over £1 million as there appeared to be inconsistencies in the report on the authorisation levels. The Chief Officer explained that the CPRs governed a contract from inception to work being completed. When a contract was authorised the highest appropriate level of authorisation would apply. At following stages, such as invoices being paid, these would be delegated to officers.

Councillor Richard Jones asked for clarification on the difference between multinational companies and local large companies and asked if local companies would be given preference. The Chief Officer explained that in the 1980s there were Councils that refused to trade with South Africa. Legislation was passed that said a Council could not take into account the location of a company when letting a contract which prohibited specific reference to saying a local company would be considered. The Procurement Strategy which would be considered at Cabinet on 15th November 2016 would say small and medium sized enterprises would be encouraged to bid for work, which by their very nature were generally local companies.

Councillor McGuill asked if the Council had any consultants that are incentive led. The Chief Officer said he did not have the answer to that question but he would provide a written response to Councillor McGuill with a copy to all other Members.

RESOLVED:

That the proposed Contract Procedure Rules be adopted with harmonised delegated authority levels for spending decisions within the Constitution with effect from 1 November 2016

54. INDEPENDENT REMUNERATION PANEL FOR WALES (IRPW) DRAFT ANNUAL REPORT FOR 2017

The Chief Officer (Governance) introduced the report on the Independent Remuneration Panel for Wales (IRPW) Draft Annual Report for 2017/18.

The IRPW proposed the following changes:

- Basic salaries a “very modest increase of 0.75% to the basic salary” for Councillors which equated to an increase of a £100 to the basic salary to £13,400.
- No increase to senior salaries
- Sickness absence for senior salary holders
- Rename Care Allowances to Reimbursement of Costs of Care

Councillor Peers said that a number of years ago Flintshire Members voted to not determine their own remuneration but let the decision be taken by the IRPW. The Chief Officer advised that this was a draft with the final report being published in February 2017 and explained that a number of the suggestions did not relate to remuneration.

Councillor Guest supported each of the proposals with the exception of the 0.75% increase which he also felt should be determined by the IRPW and not Members.

Following the comments made, Councillor Aaron Shotton suggested that the report be discussed at the next Group Leaders meeting where a response could be agreed and sent before the end of the consultation period which was 28th November 2016 which was supported.

RESOLVED:

That a response to the IRPW be determined at the next Group Leaders meeting and submitted prior to the deadline of 28th November 2016.

55. OVERVIEW AND SCRUTINY ANNUAL REPORT FOR 2015/16

The Member Engagement Manager introduced the Overview and Scrutiny Annual Report for 2015/16.

The Annual Report was prepared on an annual basis which provided assurance that the Overview and Scrutiny function was fulfilling its constitutional role. The Annual Report now included details on the use of call in which followed a request when the Annual Report was last presented to County Council.

Councillor Guest thanked the Member Engagement Manager and colleagues for the work undertaken during the year in assisting with the Overview and Scrutiny process. He also congratulated the Member Engagement Manager on his successful appointment as Democratic Services Manager with effect from 1st November 2016.

Councillor Peers asked if the call in meeting on 14th May 2016 which related to car park changes could be included within the Annual Report which was agreed.

RESOLVED:

That the Overview & Scrutiny Annual Report for 2015/16 be received.

56. MEMBERS OF THE PRESS AND PUBLIC IN ATTENDANCE

There was one member of the press and no members of the public present.

(The meeting started at 2.00pm and ended at 4.15pm)

.....
Chairman

This page is intentionally left blank



FLINTSHIRE COUNTY COUNCIL

Date of Meeting	Tuesday, 15 th November 2016
Report Subject	Welsh Local Government Provisional Settlement 2017/18
Report Author	Chief Executive and Corporate Finance Manager

EXECUTIVE SUMMARY

The attached report provides a summary of the Provisional Welsh Local Government Financial Settlement announced as part of the budget of the Welsh Government for 2017/18 on 19th October 2016. The consultation period for the provisional settlement is open until 30th November 2016. At this stage the figures are provisional with the Final Settlement expected to be received on 21 December 2016.

The impacts of the Provisional Settlement are analysed in a separate agenda item on the Council Fund Budget 2017/18 – Stage 1 and 2.

The Council has campaigned for an improved settlement than that forecast and has pressed for a 'flat line' or 'cash flat' settlement for 2017/18 with no reduction in core grant.

A full presentation will be made at Cabinet and Council.

RECOMMENDATIONS

1	Members are requested to note the details of the Provisional Settlement
2	Members are requested to note the impact on the budget for 2017/18 which is set out in the separate agenda item on the Council Fund Budget 2017/18 – Stage 1 and 2.
3	Members are invited to contribute to a Council response on the Provisional Settlement consultation.

REPORT DETAILS

1.00	EXPLAINING THE WELSH LOCAL GOVERNMENT PROVISIONAL SETTLEMENT
1.01	The Local Government Provisional settlement was announced by Welsh Government on 19 th October 2016. A full presentation will be made at Cabinet and Council on both the benefits and impacts thus far and on the ongoing campaigning on specifics where the Council has been making a case for change.
1.02	The detailed impacts of the Provisional Settlement for Flintshire are analysed in an accompanying Cabinet report on the Council Fund Budget for 2017/18.
1.03	The Council has campaigned for an improved settlement than that forecast and has pressed for a 'flat line' or 'cash flat' settlement for 2017/18 with no reduction in core grant.
1.04	Members are invited to contribute to a Council response on the Provisional Settlement consultation.

2.00	RESOURCE IMPLICATIONS
2.01	As set out in the Cabinet report (attached)

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	The Welsh Local Government Provisional Settlement is open until the 30 th November. Council are requested to make a contribution to the response.

4.00	RISK MANAGEMENT
4.01	The Settlement is provisional only at this stage with the Final Settlement not due until December 2016. Within the settlement there is limited information on specific grants with further information to be included in the final settlement. There is a risk that any reduction in specific grants will impact on the MTFs. The Single Environment Grant is of particular concern.

5.00	APPENDICES
5.01	Appendix 1 - Cabinet Report - Local Government Provisional Settlement 2017/18

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>None.</p> <p>Contact Officer: Gary Ferguson Corporate Finance Manager</p> <p>Telephone: 01352 702271</p> <p>E-mail: gary.ferguson@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>Budget: a statement expressing the Council’s policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.</p> <p>Revenue: a term used to describe the day to day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.</p> <p>Capital: Expenditure on the acquisition or enhancement of Non-current Assets or expenditure that extends the life or value of an existing asset.</p> <p>Annual Settlement: the amount of its funds the Welsh Government will allocate annually to local government as a whole, as part of its total budget and to individual councils one by one. The amount of Revenue Support Grant (see below) each council will receive is based on a complex distribution formula for awarding Aggregate External Finance (AEF). The formula is underpinned by assessments of local need based, for example, of population size and demographics and levels of social deprivation.</p> <p>Aggregate External Finance (AEF): the total amount of support the Welsh Government provides to councils each year. The total is made up of Revenue Support Grant, a share of the national “pool” of National Non-Domestic Rates and a number specific grant where funds are provided for councils to spend on specified services to achieve pre-set outcomes for example in education or waste collection.</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 other services although their freedom to allocate according to local choice can be limited by guidelines set by Government.</p> <p>Medium Term Financial Strategy (MTFS): a written statement 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>

This page is intentionally left blank

CABINET MEETING

Date of Meeting	Tuesday, 15 November 2016
Report Subject	Local Government Provisional Settlement 2017/18
Cabinet Member	Leader of the Council and Cabinet Member for Finance
Report Author	Chief Executive and Corporate Finance Manager
Type of Report	Strategic

EXECUTIVE SUMMARY

This report gives a summary of the Provisional Welsh Local Government Financial Settlement announced as part of the draft budget of the Welsh Government for 2017/18 on 19th October 2016. The consultation period for the Provisional Settlement is open until 30th November 2016. At this stage the figures are provisional with the Final Settlement expected to be received on 21 December 2016.

The detailed impacts of the Provisional Settlement for Flintshire are analysed in an accompanying Cabinet report on the Council Fund Budget for 2017/18.

The Council has campaigned for an improved settlement than that forecast and has pressed for a 'flat line' or 'cash flat' settlement for 2017/18 with no reduction in core grant.

A full presentation will be made at Cabinet and Council.

RECOMMENDATIONS

1	Members are requested to note the details of the Provisional Settlement.
2	Members are requested to note the impact on the budget for 2017/18 (which will be reported in more detail as a separate item on the Cabinet agenda) and advise on a consultation response to Welsh Government.

REPORT DETAILS

1.00	EXPLAINING THE LOCAL GOVERNMENT PROVISIONAL SETTLEMENT
1.01	The Local Government Provisional Settlement was announced by Welsh Government on 19 th October 2016. A full presentation will be made at Cabinet and Council on both the benefits and impacts thus far and on the ongoing campaigning on specifics where the Council has been making a case for change. The headlines are set out in 1.02 – 1.13 below:
1.02	<p><u>Standard Spending Assessment (SSA)</u></p> <p>The provisional SSA for Flintshire for 2017/18 is £256.492m which is an increase of 1.1% over the SSA for 2016/17 of £253.738m.</p>
1.03	<p><u>Aggregate External Finance (RSG & NDR)</u></p> <p>The provisional Aggregate External Finance (AEF) for Flintshire for 2017/18 combining Revenue Support Grant and contribution from the National Rates Pool is £184.989m. This represents an increase of 0.1% when compared to the adjusted 2016/17 AEF figure of £184.835m. This is at the same level as the all Wales figure.</p>
1.04	<p><u>Transfers into the Settlement</u></p> <p>The following specific grants will be transferred into the settlement:-</p> <ul style="list-style-type: none"> • Delivering transformation (£0.123m), • Deprivation of Liberty Standards (£0.009m) • Food hygiene rating (£0.002m).
1.05	<p><u>Transfers out of the Settlement</u></p> <p>There was one transfer out of the Settlement:</p> <ul style="list-style-type: none"> • Education Workforce Council Teachers Registration Fees (£0.050m).
1.06	<p><u>New Responsibilities</u></p> <p>There were two new responsibilities built into the settlement:</p> <ul style="list-style-type: none"> • Increased capital limits for residential care (£0.195m) and • War disablement pension disregard (£0.013m).
1.07	<p><u>Features of the Settlement</u></p> <p>Announcements made as part of the national Settlement (for the whole of Wales) included:</p> <ul style="list-style-type: none"> • £25m in recognition of Social Services pressures (included in the

	<p>settlement)</p> <ul style="list-style-type: none"> • £4.8m for new responsibilities as set out in 1.06 above (included within the settlement) • £1m for school transport (further details awaited) • £3m for town centre car parking (further details awaited)
1.08	The figure includes additional funding of £2.3m, called 'floor funding' to ensure that no local authority would see a funding reduction greater than 0.5% of its 2016/17 allocation.
1.09	Flintshire's General Capital Funding has reduced from a 2016/17 total of £6.728m to £6.634m, a net decrease of £0.094m. Within the total, General Capital Grant has decreased by £0.035m from its 2016/17 level to £2.510m and Un-hypothecated Supported Borrowing has decreased by £0.059m from its 2016/17 level to £4.124m.
1.10	Only limited information on specific grants has been received at this time with further information to be included within the Final Settlement.
1.11	<p><u>Impact on the Budget Position 2017/18</u></p> <p>Within the Medium Term Financial Strategy the Council has been projecting a 1.5% reduction in AEF for 2017/18. The increase of 0.1% in AEF equates to an additional £0.239m in cash terms which is a positive impact of £3.017m on the MTFS forecast.</p>
1.12	However, there are new responsibilities of £0.208m identified in the settlement (see paragraph 1.06) together with net transfers in of £0.084m (see para 1.04-1.05). Once these adjustments are made the Settlement overall has an impact of reducing our funding provision by £0.053m.
1.13	The consultation on the Provisional Local Government Settlement closes on 30 th November 2016.

2.00	RESOURCE IMPLICATIONS
2.01	As set out in the report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	The Welsh Local Government Provisional Settlement is open until the 30 th November. Council will make a response as advised by Cabinet.

4.00	RISK MANAGEMENT
4.01	The Settlement is provisional only at this stage with the Final Settlement not due until December 2016.

4.02	Within the settlement there is limited information on specific grants with further information to be included in the final settlement. There is a risk that any reduction in specific grants will impact on the MTFs. The Single Environment Grant is of particular concern.
------	--

5.00	APPENDICES
5.01	Appendix 1 WLGA Briefing

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Contact Officer: Gary Ferguson Corporate Finance Manager Telephone: 01352 702271 E-mail: gary.ferguson@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	<p>Budget: a statement expressing the Council’s policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.</p> <p>Revenue: a term used to describe the day to day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.</p> <p>Capital: Expenditure on the acquisition or enhancement of Non-current Assets or expenditure that extends the life or value of an existing asset.</p> <p>Annual Settlement: the amount of its funds the Welsh Government will allocate annually to local government as a whole, as part of its total budget and to individual councils one by one. The amount of Revenue Support Grant (see below) each council will receive is based on a complex distribution formula for awarding Aggregate External Finance (AEF). The formula is underpinned by assessments of local need based, for example, of population size and demographics and levels of social deprivation.</p> <p>Aggregate External Finance (AEF): the total amount of support the Welsh Government provides to councils each year. The total is made up of Revenue Support Grant, a share of the national “pool” of National Non-Domestic Rates and a number specific grant where funds are provided for councils to spend on specified services to achieve pre-set outcomes for example in education or waste collection.</p> <p>Revenue Support Grant: the annual amount of money the Council</p>

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 other services although their freedom to allocate according to local choice can be limited by guidelines set by Government.

Medium Term Financial Strategy (MTFS): a written statement 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.

This page is intentionally left blank

WLGA Briefing

Welsh Government Draft Budget And Provisional LGF Settlement 2017-18



Local Government Leaders, Finance Cabinet Members, Chief Executives and Directors of Finance (inc FRS and NPAs)

19 October 2016

Jon Rae
029 2046 8620 – jon.rae@wlga.gov.uk

Summary

The Welsh Government went for an earlier publication date than last year, and the Cabinet Secretary for Finance and Local Government presented his first draft Budget to the Assembly yesterday. **Total Managed Expenditure had increased by £650m (4.0%)** which was split between the revenue budget £503m (3.5%) and the capital budget £147m (15.3%).

Today the Cabinet Secretary for Finance and Local Government has set out the provisional local government finance settlement in a Cabinet Written Statement which is appended to the traditional letter to Leaders. There is a very **slight increase in the revenue settlement (Aggregate External Finance) which is 0.1% higher than 2016-17**. However, this includes additional funding for new responsibilities. These relate to the raising the capital limit for residential care to £30k and a full disregard of the War Disablement Pension (WDP) in financial assessments for charging for social care.

Overall, the levelling out of reductions to the revenue settlement is clearly better than it has been over the last three financial years. However, local government's **spending pressures will total around £192m in 2017-18** which will have to be either fully absorbed by councils or partially offset by council tax increases. As the Institute of Fiscal Studies recently pointed out the impact on discretionary areas of spend will be particularly tough for councils.

In terms of the capital, **levels of capital funding show a slight decrease**. Levels of General Capital Funding remaining intact but are now consolidated in the local government MEG.

Welsh Government's Draft Budget

From the information published yesterday, it is clear that the Welsh Government's Budget for **Total Managed Expenditure grew in in cash terms from £16.1bn to £16.7bn**, a surprising increase of £650m, or 4.0%. Just over three quarters of that increase was for revenue funding.

The table below breaks down Total Managed Expenditure into revenue - or resource - and capital, by each of the Main Expenditure Groups (MEG).

Table 1: Changes to WG Total Managed Expenditure, 2016-17 to 2017-18 by MEG

	Total Managed Expenditure (Resource)		Total Managed Expenditure (Capital)		Total Managed Expenditure	
	Net Change	%	Net Change	%	Net Change	%
Health, Well-being and Sport	324,748	4.7%	27,983	-10.2%	296,765	4.1%
Local Government	10,621	0.2%	122,837	605.7%	133,458	3.1%
Communities and Children	12,199	3.1%	38,665	-10.3%	26,466	-3.5%
Economy and Infrastructure	147,392	19.6%	111,443	27.8%	258,835	22.4%
Education	26,547	1.9%	2,866	0.5%	29,413	1.5%
Environment and Rural Affairs	5,997	2.1%	23,528	-21.9%	17,531	-4.5%
Central Services and Admin	- 24,835	-8.0%	-	0.0%	24,835	-7.7%
WG Total Managed Expenditure	502,669	3.5%	146,970	8.3%	649,639	4.0%

Source: WG Draft Budget 2017-18

Of the additional £297m that went to the Health MEG, **there was an increase of £325m for revenue while capital reduced by £28m**. Last year the equivalent portfolio received an additional £278m.

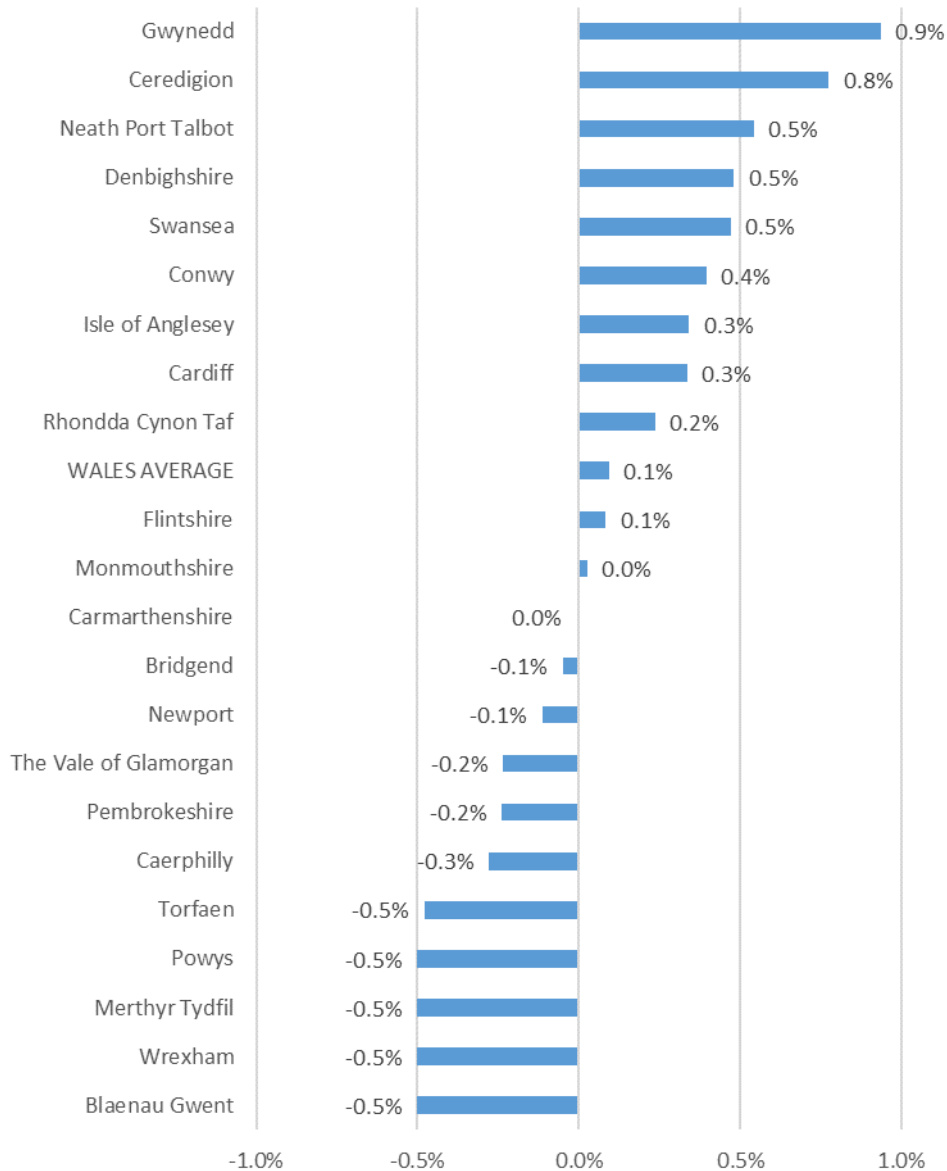
There appears to be a large increase in the Local Government MEG of £133m but this is **due to the consolidation of around £100m of General Capital Funding into that portfolio**. As the Cabinet Secretary stated, general capital funding remains unchanged at £143m.

On the revenue side, the increase of £10.6m will cover a number of budget headers in that portfolio including the increase in the settlement. This will include additional funding for new responsibilities. As set out in the LGF settlement section below the increase **in Aggregate External Finance is £3.8m (or 0.1%)**. **When new responsibilities are netted off the settlement will show a slight decrease.**

Local Government Settlement

You will have received the Cabinet Secretary's Written Statement (annex III) and letter earlier this afternoon and our response is set out at annex IV. The range of AEF reductions is set out in figure 1.

Figure 1: Changes to AEF, 2016-17 to 2017-18 by local authority



Source: WG Provisional LGF Settlement 2017-18

Other key points

- the key headline is that **Aggregate External Finance is increasing by 0.1% on a like-for-like basis** (subject to the point above that this could be interpreted as a reduction if you net off new responsibilities)

- there is a **range around of the average from an increase of 0.9% in Gwynedd to reductions of 0.5% in Torfaen, Powys, Wrexham, Blaenau Gwent, and Merthyr**, with the latter three authorities receiving **floor protection**
- The **sparsity changes recommended by the Distribution Sub Group** have been phased over two years.
- there are new responsibilities that appear to be funded from additional resource such as **£4.5m for the increase in residential care capital limits** and **£0.3m for the full disregard of the WDP in financial assessments**
- the Welsh Government's statement makes reference the settlement including '£25 million to support the delivery of strong social services' and an 'additional £25 million through the settlement to support the delivery of vital services'; **these should be regarded as within the funding envelope announced today**
- this also applies to other initiatives mentioned in the Cabinet Secretary's statement such as the **£1 million for school transport** or the **£3 million for a pilot scheme to support town centre car parking**, we will seek clarity from civil servants in due course
- Overall general capital funding falls by 1% although General Capital Funding is **maintained at £143 million**, (all budget lines are now merged into the Local Government MEG), there are concerns about some of the regeneration funding lines in the WG Budget and our WLGA colleague, Tim Peppin, will seek clarity in due course

Specific Revenue Grants

There is a table of specific grants outlined in Annex V

- Out of the 60 specific grants that existed in 2016-17, **14 grants consolidate into new grants, 5 grants transfer into the settlement or to Social Care Wales and 1 grant ceases.**
- There was **no information on 11 grants at the time of publication.**
- For those that have been announced and are comparable to 2016-17, there is a **reduction in the total amount of around 1%**
- There are notable **increases in the pupil deprivation grant and Pioneer Schools of 7%**, and a notable **decrease in the Single Revenue Grant (Environment) of 7%**

Also appended:

Annex I: Welsh Government Press Statement on Draft Budget

Annex II: WLGA's response to the Draft Budget

Annex III: Welsh Government Press Statement on Provisional Settlement

Annex IV: WLGA's response to Provisional LGF Settlement

Annex V: Table of Specific Grants

Welsh Government Press Statement on Draft Budget

A 2017-18 Draft Budget to Take Wales Forward

Providing stability and ambition in uncertain times

The Welsh Government has today [Tuesday October 18] published its draft Budget for 2017-18 to provide stability and ambition in uncertain times.

The draft Budget contains investments to take forward the delivery of key priorities in the new programme for government and provides stability for core public services.

It is a Budget which will kick-start the delivery of the six key commitments in *Taking Wales Forward*, providing:

- £111m for apprenticeships and traineeships to start delivering the commitment to create 100,000 all-age apprenticeships;
- A £100m tax cut for small businesses;
- £10m to support pilot childcare projects as part of the commitment to provide 30 hours of free childcare a week for working parents of three to four-year-olds;
- A £20m boost to raising school standards as part of our commitment to provide £100m over the lifetime of this Assembly term;
- £16m for a new treatment fund to provide fast access to new and innovative treatments for life-threatening diseases;
- £4.5m towards raising the residential care capital limit to £50,000.

The draft Budget has been developed against a backdrop of uncertain times. The continued real term cuts to the Welsh block grant by the UK Government as a result of its ongoing programme of austerity and the uncertainty following the EU referendum result underpin the need to provide stability for public services and the need to invest in Wales to grow jobs and our economy.

The Welsh Government is therefore publishing one-year revenue plans for 2017-18 to provide stability and assurance in the short term. Four-year capital plans worth £6.9bn are being published to progress our ambitious commitments and to provide security and confidence to key stakeholders, the construction sector and businesses.

The draft Budget also includes a package of additional spending commitments and non-fiscal measures agreed with Plaid Cymru. These reflect the compact between the two parties concluded in May 2016 and a number of new, jointly agreed investments. In 2017-18 we will:

- Provide a £240m boost to the Welsh NHS to meet the ongoing growth in demand and costs of services;
- Deliver the best local government funding settlement in years;
- Invest £60m in the Intermediate Care Fund to help people maintain their independence in the community and prevent unnecessary hospital admissions;
- Protect funding for the pupil deprivation grant and double the early years pupil deprivation grant.

Over the next four years, our infrastructure plans include:

- £1.36bn towards the delivery of our commitment for 20,000 affordable homes;
- £900m for the M4 relief road, subject to the outcome of the public inquiry;
- £369m towards a South Wales Metro and funding to take forward proposals for a North Wales Metro;
- £300m for improvements to our motorways and trunk roads;
- £46m for a new Welsh Development Bank to support our business sector
- Supporting city and growth deals across Wales;
- More than £500m in our 21st Century school programme;
- £1bn to transform and maintain the NHS estate;
- Using innovative finance models to develop a new Velindre Cancer Centre.

Finance Secretary Mark Drakeford said: “This is a budget to Take Wales Forward – it is about providing stability and ambition in uncertain times.

“We continue to face ongoing cuts to our Budget as a result of decisions made by the UK Government. We cannot hide from the challenges this presents.

“We are facing a period which the Institute for Fiscal Studies calls an extraordinary 11 or more years of retrenchment in public service spending. This is also a Budget which has been developed against the backdrop of the outcome of the EU referendum and the uncertain future of vital European funding streams. Our plans have been shaped by these unprecedented challenges.

“In these uncertain times, we have published a one-year revenue budget, which will provide stability and assurances for our valued public services in the immediate future while we work collectively to plan for the future. Similarly, our four-year capital plans will give security and confidence to our key stakeholders, local construction sector and business.

“And this is also an ambitious Budget. It makes progress in delivering our ambitions for Wales and against the key commitments in our programme for government. It also reflects the Budget agreement we have reached with Plaid Cymru.

“Over the next 12 months, we will invest in new apprenticeships; in childcare schemes to support working parents; in tax cuts for small businesses; in a new treatment fund to give fast access to new and innovative treatments and we will raise the capital limit before people have to pay care home fees.

“This is a Budget in which we are doing all we can to protect our vital public services and invest in Wales to grow jobs and our economy, taking our country forward.”

Notes

Draft Budget documents and action tables are available at:

<http://gov.wales/funding/budget/?lang=en>

WLGA Response to Draft Welsh Government Budget

Welsh Government Draft budget fully acknowledges the WLGA's call for Investment in preventative public services - 18 October 2016

The draft budget announced by Welsh Government today fully acknowledges the important role that local public services play in the preventative agenda. Last week two reports, one from the Health Foundation¹ and one from the Care Quality Commission², highlighted the important contribution that local services like social services make to the health and wellbeing of all our communities.

Commenting on the draft budget, Cllr Aaron Shotton (Flintshire), WLGA Deputy Leader and Finance Spokesperson said:

"The detailed draft settlement for local government in Wales will not be published until tomorrow and we shall consider today's draft budget announcement in much finer detail. Until then we welcome the Welsh Government's draft budget for its focus on preventative public services such as social care. We also welcome the level of engagement with the Cabinet Secretary for Finance and Local Government in what has been the most inclusive budget consultation in the recent period. We await further detail of how tomorrow's provisional settlement can help to alleviate some of the mounting pressures on other critical local services and highlight individual allocations to councils.

The WLGA estimate³ that local government is facing a cumulative shortfall of nearly £600m by 2019-20. Local Government is continuing shoulder the heaviest burden under austerity. The latest report from the Institute of Fiscal Studies shows that some local services are spending at levels not seen since the 1990s and they are the most susceptible to further cuts. Looking forward, there are inescapable financial pressures arising from the national living wage, pensions contributions and the apprenticeship levy which will increase the cost of providing services without any enhancement in services for local communities.

"The way local authorities are funded in Wales is antiquated and well overdue for an overhaul. This was the conclusion of Professor Tony Travers' Independent Commission⁴ on Local Government Finance. A system designed for the challenges for the late twentieth century will not rise to our aspirations for the future. We need less grant dependency, more flexibility and better incentives to form the foundations of system that will better support the Welsh Government's Programme for Government."

ENDS

For further information, contact: Jon Rae: 029 20468620

Notes to editors:

1. The Health Foundation report *The Path to Sustainability*: Funding projections for the NHS in Wales to 2019/20 and 2030/31, can be found [here](#)
2. The Care Quality Commission's annual *State of Care* report can be found [here](#). offices.
3. The WLGA's evidence to the National Assembly's Finance Committee's inquiry in to the *Welsh Government Draft Budget 2017-18* can be found [here](#).
4. The report of the Independent Commission on Local Government Finance in Wales *Ambition for Change* can be found [here](#).

Welsh Government Press Statement on Provisional Settlement**A stable settlement in uncertain times: Mark Drakeford sets out Local Government funding for 2017-18**

Local Government Secretary Mark Drakeford has announced £4.107 billion of funding for local authorities in 2017-18.

Local government will see an increase in its funding for 2017-18 of £3.8 million compared to 2016-17. This is the first increase in the settlement for local government since 2013-14.

The settlement includes £25 million to support the delivery of strong social services which are vital to the long-term success of the health service in Wales. This additional funding recognises the growing pressures which social services face.

It also takes account of Welsh Government's agreement with Plaid Cymru to provide local government with an additional £25 million through the settlement to support the delivery of vital services, as well as providing £1 million for school transport and £3 million for a pilot scheme to support town centre car parking.

Capital funding for 2017-18 amounts to £442 million, with General Capital funding for 2017-18 unchanged at £143 million. This means that councils will be able to press ahead in building new schools, improving local roads and providing vital infrastructure.

The Local Government Secretary also today published as much information as possible about other Welsh Government grant schemes planned for 2017-18. This identifies a further £650 million of funding for key priorities and will assist local authorities in preparing their budgets for next year.

Another essential component of the provisional settlement is the funding for Council Tax Reduction Schemes. Maintaining the funding through the settlement at £244 million will ensure local government is able to continue to provide vital support to nearly 300,000 of our most vulnerable families.

Announcing the provisional settlement, Mark Drakeford said:

"The aim of this provisional settlement is to give local authorities the stability to manage the difficult decisions that lie ahead.

"We know that councils are delivering their services against a backdrop of austerity and this settlement provides a platform from which to plan for harder choices which will lie ahead.

"The changes we are implementing this year are based on the advice of an expert group comprised of local authorities and independent specialists.

"The package also includes additional funding to implement a minus 0.5% funding floor which limits the impact on councils that would have seen the biggest reductions in their core funding.

"As a result, this is the first cash increase in the local government settlement since 2013-14. Under the funding floor, no council will have to manage on less than 99.5% of the cash provided to them last year. When added to the other sources of income available to them, many councils will be able to increase their spending next year.

“Within the overall settlement, councils will also receive £25 million in recognition of the importance of strong local social services and the growing pressures felt by this service.

“This is a stable settlement in challenging times and will allow local government to set sustainable budgets despite constraints on public finances.”

ENDS

Notes to Editors

Bilingual copies of the Cabinet Secretary’s written statement and a link to the provisional local government settlement are below:

<http://gov.wales/topics/localgovernment/finandfunding/settlement/lg-settlement-2017-18/?lang=en>

<http://gov.wales/topics/localgovernment/finandfunding/settlement/lg-settlement-2017-18/?lang=cy>

WLGA Response to Provisional Settlement

Local government settlement – ‘challenging but fair’ says WLGA

19th October 2016

The local government settlement announced by Welsh Government continues to show a slowing down of budget reductions.

In the context of ongoing and prolonged austerity councils will view this as a challenging but fair settlement for supporting the vital services that contribute to the education, health and well-being of our communities.

With the draft settlement showing a slight rise over last year’s level of funding, it is better than the reductions that councils have experienced in recent years. For some councils it is better than their planning scenarios but within the range predicted by the WLGA.

While councils will have to absorb nearly £200m worth of pressure in 2017-18, the settlement gives some concessions to calls from the WLGA for resources to be invested in preventative local services. Cabinet Secretaries have clearly reflected on their detailed discussions with WLGA spokespersons and have produced an equitable outcome.

Commenting on the draft settlement, Councillor Bob Wellington CBE (Torfaen), WLGA Leader said:

“I am pleased that during difficult times Welsh Government Ministers are listening to local government working with us to mitigate the worst excesses of austerity. Today's settlement offers a welcome easing to the reductions of recent years. We recognise that it has not been easy for the Welsh Government to achieve this when there are competing demands on their own funding that is further stretched by continued austerity.

“We also welcome the Welsh Government’s announcement today which recognises the strong call made by the WLGA for recognition of the important contribution that council-run services make to reducing costly pressures in other public services such as the NHS.”

Councillor Aaron Shotton (Flintshire), WLGA Deputy Leader and spokesperson for finance said:

"In recent years Councils have made the greatest efficiency gains and suffered the deepest cuts than any other public service in Wales. In the interests of the people of Wales, this cannot continue.

“I thank and support the Cabinet Secretary for Finance and Local Government in his call for a halt to the UK Government's ‘self-defeating policy of austerity’ in order that we are able to invest for a sustainable future for Welsh communities. I also warmly

welcome the way in which the Cabinet Secretary has approached discussions with local government leaders on the preparation of his budget."

Councillor Dyfed Edwards (Gwynedd), WLGA Plaid Cymru Group Leader said:

"Welsh councils will still face severe financial pressures estimated to be around £200 million for the next financial year alone and this settlement is very much less severe than past announcements."

"As leaders we will need to look at how we can transform our services and fully grasp the digitalisation agenda. I would urge my colleagues, elected members and officers to fully engage with their communities about the future of local public services and be clear about the financial pressures being placed upon them."

Councillor Hugh Evans (Denbighshire), WLGA Independent Group Leader said:

"The overall settlement shows a slight increase in last year's allocation but the funding formula delivers a range of increases and decreases across the 22 local authorities. I am pleased that the Welsh Government has provided a floor mechanism safety net and I hope that continues in future years.

"The funding reductions that local government has seen in recent years have been unprecedented and this settlement shows a levelling-off from this recent trend. I appreciate what the Cabinet Secretary has said about allocations beyond 2017-18 but we still need to look beyond annual incremental budgeting. Local public services require a much longer-term approach to financial planning and we will work with the Welsh Government to achieve this after the UK Government's Autumn Statement."

Councillor Peter Fox (Monmouthshire), WLGA Conservative Group Leader said:

"The announcement this afternoon shows that the Welsh Government has listened on a number of key issues including the distribution formula. However, we still need to make sure that the system takes account of the additional needs of providing services in communities with diverse needs and especially the additional costs of providing services in rural communities.

"We look forward to the UK Government's Autumn Statement when we will get a clearer picture of the Welsh Government's budget allocations for future years. We will look forward to working with the Welsh Government to align any future funding with the £600 million of pressures that face local government over the next three years running up to 2019-20."

Ends

For further information, contact:

Jon Rae: 029 20468620

WELSH LOCAL GOVERNMENT SETTLEMENT 2017-18

Provisional

Table 9: List and estimated amounts of Grants for total Wales

Existing Grant name	2016-17	2017-18	Notes	£'m
Communities and Children				
Prevention and Early Intervention (PEI - new spending line)	..	154.383		
Supporting People	123.688	123.688		
Flying Start Revenue Grant	76.052	PEI	New spending line	
Families First	38.352	PEI	New spending line	
Communities First	27.539	PEI	New spending line	
Communities for Work	6.092	PEI	New spending line	
Cardiff Bay Legacy	5.891	5.891		
Promoting Positive Engagement for Young People	4.330	4.330		
Out of School Childcare	2.300	PEI	New spending line	
Domestic Abuse Grant	1.938	1.938		
Lift	0.980	PEI	New spending line	
Community Cohesion	0.360	0.360		
Town Centre Partnership	0.220	NA		
Remploy Employment Support Grant	0.198	0.000		
Welsh Adoption Register	0.103	0.100		
Business Improvement District Development	0.065	0.050		
Armed Forces Day	0.020	0.020		
Economy and Infrastructure				
Concessionary Fares	60.557	NA		
Bus Services Support Grant	25.000	NA		
Young Persons Discounted Bus Travel Scheme	9.750	NA		
Bus Revenue Support Travels Cymru	2.187	NA		
Road Safety Grant	1.937	2.000		
CyMAL Revenue	0.275	NA		
New Developments	0.149	NA		
Travel Plan Co-ordinators	0.125	0.125		
Community Rail Partnership	0.065	0.065		
Bus Revenue Support	0.050	NA		
Enterprise Zones	0.050	0.035		
Blue Badge	0.010	RSG	Transferring into Settlement	
Education				
Education Standards (ES - new spending line)	..	134.018		
Curriculum and Assessment (C&A - new spending line)	..	2.480		
Delivery Support (DS - new spending line)	..	0.411		
Education Improvement Grant	134.282	ES	New spending line	
Pupil Deprivation Grant	87.304	93.746		
Schools Challenge Cymru	13.747	NA		
Pioneer Schools	6.283	6.740		
GCSE Support Programme Grant	3.415	C&A	New spending line	
Additional Learning Needs Innovation Fund	1.100	1.100		
School Uniform Grant	0.736	ES	New spending line	
Modern Foreign Languages	0.480	C&A	New spending line	
Mentoring and Networking Support for Headteachers	0.100	0.100		
Special Schools Grant	0.100	C&A	New spending line	
National Numeracy Tests - Supported Marking Grant to Consortia	0.020	0.020		
Environment and Rural Affairs				
Single Revenue Grant	64.320	60.000		
Health, Wellbeing and Sport				
Deprivation of Liberty Safeguards	0.184	RSG	Transferring into Settlement	
Lifelong Learning and Welsh Language				
Youth Engagement & Employment (YE&E - new spending line)	..	3.856		
Post-16 Provision in Schools	101.000	NA		
Adult Community Learning	3.811	NA		
Youth Work Strategy Support	2.756	YE&E	New spending line	
Youth Engagement & Progression	1.100	YE&E	New spending line	
Learning in Digital Wales (Phase 2)	0.500	0.500		
Person Centred Practice	0.286	0.000	Grant ending	
Development of the Seren Network	0.100	0.000		
Skills and Science				
SBRI Innovation Accelerator Programme	0.015	0.090		
Social Services and Public Health				
Welsh Independent Living Grant	26.764	27.000		
Substance Misuse Action Fund	22.663	22.663		
Social Care Workforce Development Programme	7.149	0.000	Transferring to Social Care Wales	
Delivering Transformation Grant	2.830	RSG	Transferring into Settlement	
Secure Estates	0.448	0.448		
Food Hygiene	0.057	RSG	Transferring into Settlement	
All Grants	869.833	646.157		
All Grants excluding NA (for a like-for-like comparison)	653.087	646.157		-1.1%

Note: The information shown above details the grants where the amounts that Wales will receive in total in 2016-17 and estimated amounts for 2017-18 are known. Amounts for future years are indicative at this stage and are liable to change.

Formal notification of grant allocations is a matter for each relevant policy area.

NA = Figures not available at time of publication

.. = Not applicable

This page is intentionally left blank



FLINTSHIRE COUNTY COUNCIL

Date of Meeting	Tuesday, 15 th November 2016
Report Subject	Council Fund Budget 2017/18 - Stages 1 and 2
Report Author	Chief Executive and Corporate Finance Manager

EXECUTIVE SUMMARY

The annual budget for 2017/18 is being developed in two stages:

- Stage One: considered by Cabinet in September and covers Part 1 of our strategy – service reform based on the service portfolio plans: and
- Stage Two: Parts 2 and 3 of our strategy - corporate financial stewardship and working with Welsh Government.

The attached report was considered by Cabinet earlier today and any specific issues raised will be provided verbally at the meeting.

Council are requested to approve the Stage 1 budget proposals as set out in the Cabinet report and to endorse the strategy for Stage 2 of the budget for referral to Corporate Resources Overview and Scrutiny Committee prior to presentation to Council on 6 December 2016.

RECOMMENDATIONS

1	To approve the Stage 1 budget proposals for 2017/18.
2	To endorse the strategy for Stage 2 of the budget for referral to Corporate Resources Overview and Scrutiny prior to presentation to Council on 6 December 2016.

REPORT DETAILS

1.00	EXPLAINING THE PROGRESS MADE ON THE 2017/18 BUDGET
1.01	<p>The Council has recently refreshed its three year Medium Term Financial Strategy (MTFS) which now covers the period 2016/17 – 2018/19. In April this year the Cabinet re-adopted the three part approach for financial planning set out within the MTFS.</p> <ul style="list-style-type: none">• Service Reform (Part 1)• Corporate Financial Stewardship (Part 2)• Working with Welsh Government (Part 3) <p>The annual budget for 2017/18 is being developed in two stages:</p> <ul style="list-style-type: none">• Stage One: considered by Cabinet in September and covers Part 1 of our strategy – service reform based on the service portfolio plans: and• Stage Two: Parts 2 and 3 of our strategy - corporate financial stewardship and working with Welsh Government. <p>The attached report was considered by Cabinet earlier today and any specific issues raised will be provided verbally at the meeting.</p> <p>The report sets out the progress made to date on each part of the budget strategy and requests Council to approve the Stage 1 budget proposals and to endorse the strategy for Stage 2 of the budget for referral to Corporate Resources Overview and Scrutiny Committee prior to presentation to Council on 6 December 2016.</p>
2.00	RESOURCE IMPLICATIONS
2.01	As set out in the Cabinet report.
3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Consultation with Group Leaders, Overview and Scrutiny Committees and external partners have been held to date in the development of the business plans, budget proposals and resilience assessments.
4.00	RISK MANAGEMENT
4.01	All parts of the financial forecast, and all budget solutions, are risk assessed stage by stage. An overall risk assessment and risk management statement will be produced both for the revised MTFS and the draft annual budget for 2017/18. Services have already been assessed against efficiency, value for money and resilience with the assessment being reported to the Overview and Scrutiny Committees throughout July 2016.

5.00	APPENDICES
5.01	Appendix 1: Cabinet Report 15 November 2016 – Council Fund Budget 2017/18 – Stage 1 and 2

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Colin Everett (Chief Executive) and Gary Ferguson (Corporate Finance Manager)</p> <p>Telephone: 01352 702121 and (01352) 702271</p> <p>E-mail: Chief.executive@flintshire.gov.uk gary.ferguson@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<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>Central Loan and Investment Account (CLIA): brings together the revenue costs of all Council's borrowing and investment activity. Contains; interest on debt, MRP (see below), Treasury Management costs (staff, advisors, software etc., charges for debt rescheduling undertaken in earlier years and income generated from investments. Also referred to as Capital Financing Charges.</p> <p>Minimum Revenue Provision (MRP): method for charging (debt-funded) capital expenditure to the revenue account in local authority accounts. Full Council sets an MRP policy annually selecting from a range of options contained with Welsh Regulations set by Welsh Government.</p> <p>Welsh Local Government Association: the representative body for unitary councils, fire and rescue authorities and national parks authorities in Wales.</p>

This page is intentionally left blank



CABINET MEETING

Date of Meeting	Tuesday, 15 November 2016
Report Subject	2017/18 Council Fund Budget – Stages 1 and 2
Cabinet Member	Leader of the Council and Cabinet Member for Finance
Report Author	Chief Executive and Corporate Finance Manager
Type of Report	Strategic

EXECUTIVE SUMMARY

The Council has recently refreshed its three year Medium Term Financial Strategy (MTFS) which now covers the period 2016/17 – 2018/19.

The MTFS has a three part strategy for planning annual budgets within its three year term:-

- Service Reform (Part 1)
- Corporate Financial Stewardship (Part 2)
- Working with Welsh Government (Part 3)

The annual budget for 2017/18 is being developed in two stages:

- Stage One: considered by Cabinet in September and covers Part 1 of our strategy – service reform based on the service portfolio plans : and
- Stage Two: Parts 2 and 3 of our strategy - corporate financial stewardship and working with Welsh Government.

The Cabinet developed a set of service portfolio business plans for the period 2015/16 to 2017/18. The efficiency proposals which come from those plans for 2017/18, the third and final year of the MTFS term, were reported in full to the Overview and Scrutiny Committees throughout the June/July meeting cycle for review and comment. The committees were invited to review the proposals, their workability and their risks.

The Overview and Scrutiny Committees, overall, were supportive of the efficiency proposals and endorsed them as being both acceptable and workable.

Further refinements have since been made to the service portfolio business planning efficiencies with the final set of proposals, totalling £5.743m, being recommended to Cabinet for presentation to Council for final approval on 15 November.

As the second part of the budget strategy, work has been undertaken to offset or reduce cost pressures through corporate financial stewardship. The outcome of the work undertaken to date is that efficiencies of £4.649m are being proposed for referral to the Corporate Resources Overview and Scrutiny Committee for review and comment in readiness for final consideration in December. Cabinet and County Council will again meet on 6 December.

Since the last report new and emerging pressures of £0.597m have been identified. These need to be built into the budget planning.

The Provisional Welsh Local Government Settlement was received on the 19 October. The Welsh Government has been persuaded by the local Government campaign to hold local government revenue at last year's level. This has a significant positive impact on the forecast for 2017/18.

RECOMMENDATIONS

1	To receive and review the comments of the Corporate Resources Overview and Scrutiny Committee on the Stage 1 budget proposals.
2	To formally recommend the Stage 1 budget proposals to Council for adoption on 15 November.
3	To refer the strategy for Stage 2 of the budget to Corporate Resources Overview and Scrutiny Committee for review prior to presentation to Cabinet and Council on 6 December.

REPORT DETAILS

1.00	Financial Strategy and Forecast
1.01	<p>The Council has recently refreshed its three year Medium Term Financial Strategy (MTFS) which now covers the period 2016/17 – 2018/19 The new summary is available in hard copy on request and can be accessed by following the hyperlink: http://www.flintshire.gov.uk/en/PDFFiles/Medium-Term-Financial-Strategy/2016-19-summary-document/Medium-Term-Financial-Strategy-Summary-2016-2019.pdf</p> <p>In April this year the Cabinet re-adopted the three part approach for financial planning set out within the MTFS.</p>
1.02	This three part strategy forms the basis for planning the annual budget for 2017/18 and the financial years immediately thereafter:-

	<ul style="list-style-type: none"> • Service Reform (Part 1) • Corporate Financial Stewardship (Part 2) • Working with Welsh Government (Part 3) 																																				
1.03	<p>The annual budget is being developed in two stages:</p> <ul style="list-style-type: none"> • Stage One: considered by Cabinet in September and covers Part 1 of our strategy – service reform based on the service portfolio plans: and • Stage Two: Parts 2 and 3 of our strategy – corporate financial stewardship and working with Welsh Government. 																																				
1.04	<p>The Financial Forecast</p> <p>The original forecast for the 2017/18 financial year, the third and final year of this edition of MTFs, set a likely 'gap' of £13.7m. This forecast was updated and reported to the Overview and Scrutiny Committees in July 2016 as set out in Table 1 below.</p>																																				
1.05	<p>Table 1: Financial Forecast 2017/18-2018/19</p> <table border="1"> <thead> <tr> <th></th> <th>2017/18</th> <th>2018/19</th> </tr> <tr> <th>Expenditure</th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>National Pressures</td> <td>0.7</td> <td>0.3</td> </tr> <tr> <td>Local Pressures</td> <td>6.2</td> <td>1.6</td> </tr> <tr> <td>Inflation</td> <td>3.1</td> <td>3.2</td> </tr> <tr> <td>Workforce Pressures</td> <td>4.1</td> <td>0.7</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <th>Income</th> <td></td> <td></td> </tr> <tr> <td>Reduction in Revenue Support Grant</td> <td>2.8</td> <td>2.7</td> </tr> <tr> <td>Council Tax increase</td> <td>(2.5)</td> <td>(2.3)</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td>Projected Gap</td> <td>14.40</td> <td>6.20</td> </tr> </tbody> </table> <p>Footnotes to Table 1:</p> <ol style="list-style-type: none"> 1. Revenue Support Grant for 2017/18 and 2018/19 is modelled on an illustrative reduction of 1.5% 2. National and local pressures are working estimates based on latest information. The latest revision includes initial estimates of the sizeable increase in care sector costs, and insurance costs 3. Pay inflation is assumed at 1% for 2017/18 and 2018/19 4. Limited provision is made for price inflation 5. Workforce pressures include the ongoing impact of Single Status, Auto-enrolment, the Apprentice Tax Levy and the outcome of the Clwyd Pension Fund Actuarial Review 6. Council Tax is illustrated at a 3% annual increase for 2017/18 and 2018/19 		2017/18	2018/19	Expenditure	£m	£m	National Pressures	0.7	0.3	Local Pressures	6.2	1.6	Inflation	3.1	3.2	Workforce Pressures	4.1	0.7				Income			Reduction in Revenue Support Grant	2.8	2.7	Council Tax increase	(2.5)	(2.3)				Projected Gap	14.40	6.20
	2017/18	2018/19																																			
Expenditure	£m	£m																																			
National Pressures	0.7	0.3																																			
Local Pressures	6.2	1.6																																			
Inflation	3.1	3.2																																			
Workforce Pressures	4.1	0.7																																			
Income																																					
Reduction in Revenue Support Grant	2.8	2.7																																			
Council Tax increase	(2.5)	(2.3)																																			
Projected Gap	14.40	6.20																																			
1.06	<p>MEETING THE FINANCIAL CHALLENGE</p> <p>Stage 1 - Part 1 Service Reform and Service Portfolio Business Plans</p>																																				

	<p>The Cabinet developed a set of service portfolio business plans for the period 2015/16 to 2017/18 and the efficiencies proposals for 2017/18 (the third and final year) which come from those plans were reported in full to the Overview and Scrutiny Committees throughout the June/July meeting cycle. The Committees were invited to review the proposals and their acceptability, their workability and their risks.</p>																									
1.07	<p>The Overview and Scrutiny Committees were, overall, supportive of the efficiency proposals and endorsed them as being acceptable and workable.</p>																									
1.08	<p>The Overview and Scrutiny Committees also received presentations on the assessment of efficiency and resilience status of the services within their respective portfolios. These assessments illustrate the limited options which remain for achieving further efficiencies of any scale without having major impacts on services and causing them to spiral to unacceptable levels of provision and run the risks of service failure.</p>																									
1.09	<p>The estimate of the total value of the full set of original efficiency options for 2017/18 was £7.932m. This was revised down to £5.921m following the removal or changes to options which were not considered to be acceptable or workable. These were recommended by Cabinet in September for adoption by Council.</p>																									
1.10	<p>These proposals were given final consideration by a special Corporate Resources Overview and Scrutiny Committee on 28 September which was open to all members. This information is available by following the hyperlink: http://committeemeetings.flintshire.gov.uk/ieListDocuments.aspx?CId=141&MId=3963&LLL=0</p> <p>Members broadly accepted the proposals and requested further information on the impacts of some of the proposals. It was agreed that further information would be provided to members on those areas where there might be an impact on the public.</p>																									
1.11	<p>Since September, further refinements have been made to the proposals and the final set of proposals totalling £5.743m are summarised in Table 2 below.</p>																									
1.12	<p>Table 2: Service Portfolio Business Plan Proposals 2017/18</p> <table border="1"> <thead> <tr> <th></th> <th>2016/17</th> <th>2017/18</th> </tr> <tr> <th>Portfolio</th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Planning & Environment</td> <td>0.413</td> <td>0.205</td> </tr> <tr> <td>Street-scene & Transportation</td> <td>2.158</td> <td>1.350</td> </tr> <tr> <td>Social Care</td> <td>0.838</td> <td>0.690</td> </tr> <tr> <td>Education & Youth</td> <td>0.710</td> <td>0.873</td> </tr> <tr> <td>Organisational Change</td> <td>1.272</td> <td>0.943</td> </tr> <tr> <td>Community & Enterprise *</td> <td>1.509</td> <td>0.629</td> </tr> </tbody> </table>			2016/17	2017/18	Portfolio	£m	£m	Planning & Environment	0.413	0.205	Street-scene & Transportation	2.158	1.350	Social Care	0.838	0.690	Education & Youth	0.710	0.873	Organisational Change	1.272	0.943	Community & Enterprise *	1.509	0.629
	2016/17	2017/18																								
Portfolio	£m	£m																								
Planning & Environment	0.413	0.205																								
Street-scene & Transportation	2.158	1.350																								
Social Care	0.838	0.690																								
Education & Youth	0.710	0.873																								
Organisational Change	1.272	0.943																								
Community & Enterprise *	1.509	0.629																								

	Corporate Services	0.855	0.903
	Central & Corporate Finance	3.527	0.150
	Total	11.282	5.743
	The changes made since September are detailed below and are all within the Community and Enterprise Portfolio:		
1.13	<u>Council Tax Premium</u> An efficiency of £0.500m was included within the Community and Enterprise proposals following the Council decision to introduce a premium of 50% (bringing Council Tax on these properties to 150%) on long term empty properties and second homes. Regulations on how this premium should be treated were issued in October and this guidance states that the premium should now be built into the Council Tax base calculation which is notified to Welsh Government each year (see separate report on this agenda).		
1.14	Therefore, it is necessary to remove this proposal from the Community and Enterprise Portfolio and include as part of the calculation of the Council Tax base as part of the Corporate Financing part of the budget strategy (see paragraph 1.22)		
1.15	<u>Council Tax Reduction Scheme (CTRS)</u> A review of current and projected levels of claimants has meant that a reduction of £0.200m can now be assumed within the Council Tax Reduction Scheme.		
1.16	<u>Housing Benefit – Workforce Restructure</u> Following further review of service needs in this area there is a reduction of £0.060m to the previously reported figure. This gives a revised efficiency of £0.040m.		
1.17	<u>Single Person Discount Review</u> A further one-off efficiency of £0.132m has been identified following a further review of residents in receipt of single person as part of the annual Council Tax charge.		
1.18	<u>Galw Gofl (Regional Call Centre)</u> An additional efficiency of £0.020m has now been included to reflect a reduction in the fees payable for this service.		
1.19	<u>Flintshire Connects</u> A further efficiency of £0.030m has now been included to reflect a reduction in office costs at Flintshire Connect sites.		

1.20	Following completion of this final review work, Cabinet are requested to formally recommend the Service Portfolio Business Plan efficiency proposals of £5.743m to Council for approval and adoption.
1.21	Stage 2 - Part 2 Corporate Financial Stewardship As the second part of the budget strategy, detailed work has been undertaken to offset or reduce cost pressures through corporate financial stewardship. The outcome of the work completed to date is detailed below:
1.22	<u>Council Tax Base</u> As detailed in paragraph 1.14 the introduction of a premium for long term empty properties and second homes is now required to be included in the calculation of the Council Tax base.
1.23	The change to the projected increase in the overall number of properties has resulted in an increase in the base of 1.25%. This will produce additional income of £0.345m.
1.24	<u>Independent Living Fund (ILF)</u> An amount of £0.412m had previously been included as a pressure to reflect the negative impact of this specific grant transferring into the main revenue support grant. It has since been confirmed that the specific grant will continue at the same level for a further year. This means that the pressure can now be removed, although the risk will remain for future years until confirmation of longer term funding is received.
1.25	<u>Transition to Adulthood</u> A detailed review of social care client needs moving into adulthood from Children's Services has identified a reduction in the previous estimate of £0.162m.
1.26	<u>Flint Extra Care Scheme</u> The 2017/18 forecast currently includes a six month pressure for the running costs of the above scheme. The opening of the new facility is now set to be in early 2018 and the pressure has been reduced by £0.170m to reflect the revised timeframe and impact on the 2017/18 budget. However, there will be a need to increase the amount required in the 2018/19 base budget to reflect full annual operating costs.
1.27	<u>Schools Investment</u> A review of the level of school investment, including the levels of reserves held in the primary and secondary sector has been undertaken. The outcome of this work is that an uplift of 1.34% has currently been included for the overall schools budget. This is £0.400m lower than the previous forecast for the primary sector.

1.28	<p><u>Apprentice Tax Levy</u></p> <p>Welsh Government are yet to confirm arrangements for the new levy which is due to be implemented at UK level from 1st April 2017, and will be devolved in Wales. Further detailed modelling of the potential impact of the levy shows that the levy of the Council, based on its workforce size, will be £0.699m - £0.229m higher than the original forecast of £0.470m. In view of the Council's commitment to apprenticeships it is reasonable to press for full or part cost recovery through any distribution methodology set up by Welsh Government. For 2017/18 it is recommended that the levy is paid from reserves. A future funding strategy will be needed from 2018/19. For 2018/19 temporary funding from reserves will have a positive impact on the budget forecast of £0.470m.</p>																											
1.29	<p><u>Central Loans and Investment Account (CLIA)</u></p> <p>A review has been undertaken of the Council's Minimum Revenue Provision (MRP) and work has been commissioned from an independent advisor to consider different options for accounting for this annual charge. A comprehensive report detailing all of the considerations is included on this Cabinet agenda. The report recommends a revision to previous policy. This will provide an initial benefit to the 2016/17 budget of £2.924m, and a net impact on the 2017/18 forecast of £2.520m.</p>																											
1.30	<p>A review of projected interest rates and timing of borrowing has also been completed. This has resulted in a reduction of £0.170m on the previously included forecast although. This will of course be subject to the risk of market fluctuation.</p>																											
1.31	<p>It is recommended that the efficiency options summarised below totalling £4.649m are recommended to Council and referred to Corporate Resource Overview and Scrutiny Committee for review.</p>																											
1.32	<p>Table 3. Corporate Financial Stewardship</p> <table border="1" data-bbox="300 1413 1425 1872"> <thead> <tr> <th data-bbox="308 1424 1150 1480">Description</th> <th data-bbox="1158 1424 1230 1480"></th> <th data-bbox="1238 1424 1417 1480">£m</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 1491 1150 1536">Council Tax Base Increase</td> <td data-bbox="1158 1491 1230 1536"></td> <td data-bbox="1238 1491 1417 1536">0.345</td> </tr> <tr> <td data-bbox="308 1536 1150 1581">Independent Living Fund (ILF)</td> <td data-bbox="1158 1536 1230 1581"></td> <td data-bbox="1238 1536 1417 1581">0.412</td> </tr> <tr> <td data-bbox="308 1581 1150 1626">Transition to Adulthood</td> <td data-bbox="1158 1581 1230 1626"></td> <td data-bbox="1238 1581 1417 1626">0.162</td> </tr> <tr> <td data-bbox="308 1626 1150 1671">Flint Extra Care Scheme</td> <td data-bbox="1158 1626 1230 1671"></td> <td data-bbox="1238 1626 1417 1671">0.170</td> </tr> <tr> <td data-bbox="308 1671 1150 1715">Schools Investment</td> <td data-bbox="1158 1671 1230 1715"></td> <td data-bbox="1238 1671 1417 1715">0.400</td> </tr> <tr> <td data-bbox="308 1715 1150 1760">Apprentice Tax Levy</td> <td data-bbox="1158 1715 1230 1760"></td> <td data-bbox="1238 1715 1417 1760">0.470</td> </tr> <tr> <td data-bbox="308 1760 1150 1827">Central Loans and Investment Account (CLIA)</td> <td data-bbox="1158 1760 1230 1827"></td> <td data-bbox="1238 1760 1417 1827">2.690</td> </tr> <tr> <td data-bbox="308 1827 1150 1872">Total</td> <td data-bbox="1158 1827 1230 1872"></td> <td data-bbox="1238 1827 1417 1872">4.649</td> </tr> </tbody> </table>	Description		£m	Council Tax Base Increase		0.345	Independent Living Fund (ILF)		0.412	Transition to Adulthood		0.162	Flint Extra Care Scheme		0.170	Schools Investment		0.400	Apprentice Tax Levy		0.470	Central Loans and Investment Account (CLIA)		2.690	Total		4.649
Description		£m																										
Council Tax Base Increase		0.345																										
Independent Living Fund (ILF)		0.412																										
Transition to Adulthood		0.162																										
Flint Extra Care Scheme		0.170																										
Schools Investment		0.400																										
Apprentice Tax Levy		0.470																										
Central Loans and Investment Account (CLIA)		2.690																										
Total		4.649																										
1.33	<p>New and Emerging Pressures</p> <p>Since the September report some new and changing cost pressures have been finalised and are to be included in the budget proposals for 2017/18:</p>																											

1.34	<p><u>Non – Domestic Rates Revaluation</u></p> <p>The Valuation Office Agency (VOA) has recently published the national results of a National Domestic Rates revaluation of rateable values for business properties which takes effect from 1st April 2017. This has resulted in additional costs of £0.127m for Council properties.</p>
1.35	<p><u>Welsh Language Standards</u></p> <p>In order to comply with the new Welsh Language Standards an additional cost requirement of £0.035m is required.</p>
1.36	<p><u>Members Allowances</u></p> <p>The recommended annual increase from Independent Remuneration Panel for member allowances requires additional budgetary provision of £0.007m.</p>
1.37	<p><u>Landfill Sites - Gas Engine Income</u></p> <p>Due to the reducing level of methane gas at the former landfill sites at Standard and Brookhill, the level of electricity generated has reduced further and income targets can no longer be achieved. This has caused an additional pressure of £0.150m.</p>
1.38	<p><u>Workforce costs– unachieved efficiency</u></p> <p>An efficiency of £0.500m was included in the 2016/17 budget to reflect a managed further round of voluntary redundancies and other workforce costs. As reported in the budget monitoring report an amount of £0.222m has been achieved. The remaining £0.278m can no longer be achieved with all the service business plans having maximised their workforce reduction cost targets.</p>
1.39	<p>The pressures identified above will increase the projected gap by £0.597m.</p>
1.40	<p>Further ongoing considerations – Corporate Financial Stewardship</p> <p>Work is ongoing on the following. This work, when complete, will need to form part of the final balancing considerations for the annual budget.</p>
1.41	<p><u>Actuarial Review</u></p> <p>As part of the triennial review of the Clwyd Pension Scheme work is ongoing with the actuary to agree the employer pension contributions over the next three years. This work is nearing a conclusion. An increase in employer contributions costs of £1.3m has already been provided within the MTFS. The outcome will be reported later in the budget setting cycle.</p>
1.42	<p><u>Auto Enrolment</u></p> <p>The Council's staging date for auto enrolment to the Pension Fund has been set as October 2017. A cost pressure of £0.558m is currently included in the forecast. This is based on an assumption that 60% of eligible employees will remain in the scheme. There is an option to take a more risk based</p>

	<p>approach to this estimate and assume a lower level of take up and this will be subject to further consideration. The outcome will be reported later in the budget setting cycle.</p>
1.43	<p><u>Income Strategy</u></p> <p>Work is also continuing on developing a corporate income policy covering all potential fees and charges, and the levels at which they are set. External expertise has been commissioned to guide this work with access to extensive information on charging policy and practice in other local authorities across the UK. The outcome will be reported later in the budget setting cycle.</p>
1.44	<p><u>Local Taxation levels</u></p> <p>The forecast already assumes a Council Tax increase of 3% for 2017/18. The final level of Council Tax increase will be a member decision and will need to be considered in the context of the wider financial position at that time, including any changes proposed by other bodies such as the North Wales Fire and Rescue Authority whose levy is funded from Council Tax.</p>
1.45	<p><u>Use of Reserves</u></p> <p>There is the option for the prudent use of reserves to assist in the budget for 2017/18. The use of any reserves will only provide a one year solution.</p>
1.46	<p>Part 3 – Working with Welsh Government</p> <p>The Council continues to be actively involved in national discussions over the Welsh Government Budget for 2017/18 with the key issues under debate including:-</p> <ul style="list-style-type: none"> • the need for medium term financial planning at national level; • sufficient and sustainable levels of Revenue Support Grant (RSG) and the option for the Welsh Government to set a zero-reduction or ‘flat-line’ RSG for 2017/18 at 2016/17 levels; • reform of specific grants and retention of sufficient current grant funding levels to maintain services; • relaxing charging levels for services including domiciliary care; • meeting cost pressures of national legislative and public demand in key services such as social care; • recognition of the workforce cost impacts of the Living Wage in both directly provided services and commissioned services; and • local retention of Non Domestic Rate Relief (NNDR) growth by the collecting authority. (Growth is defined as the annual inflation in the NNDR yield for existing businesses plus additional contributions from new or expanding businesses within a County. <p>The areas under debate are a mixture of short-term or (immediate) issues and longer term issues. An update follows.</p>

1.47	<p><u>Welsh Local Government Provisional Settlement 2017/18</u></p> <p>The Provisional Settlement was received on 19 October and there is a separate report on this agenda setting out all of the details and the impact on our overall budget position.</p>																			
1.48	<p>In headline terms the settlement was broadly 'flatline' when taking account of adjustments which has a positive impact on the forecast reduction of 1.5% of £2.8m.</p>																			
1.49	<p>The settlement from Welsh Government was welcomed and is in line with the lobbying expectations of both the Council and the Welsh Local Government Association.</p>																			
1.50	<p>The Settlement amount included an additional amount of £25m across Wales in recognition of increasing pressures in social care.</p>																			
1.51	<p><u>Domiciliary Care - Charging Levels</u></p> <p>There has been no confirmation from Welsh Government of policy intentions for raising the charging cap from the current amount of £60 per week. An announcement is expected shortly with an expectation that the cap may be raised to in the region of £80 per week. For Flintshire this would generate additional income in the region of £0.500m.</p>																			
1.52	<p>A full report on all of the Stage 2 proposals will be considered at a special meeting of Corporate Resources Overview and Scrutiny Committee on 30 November which is open to all members. Cabinet will receive the feedback on 6 December and report to Council on the afternoon of the same date.</p>																			
1.53	<p>The table below reflects the revised forecast taking into account the updates included in the report:</p> <p>Table 4. Revision of the Forecast</p> <table border="1"> <thead> <tr> <th>Description</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Projected Budget "gap"</td> <td>14.4</td> </tr> <tr> <td>Less:</td> <td></td> </tr> <tr> <td> Portfolio Business Plans</td> <td>(5.7)</td> </tr> <tr> <td> Corporate Financial Stewardship</td> <td>(4.6)</td> </tr> <tr> <td> Provisional Settlement</td> <td>(2.8)</td> </tr> <tr> <td>Add:</td> <td></td> </tr> <tr> <td> New and Emerging Pressures</td> <td>0.6</td> </tr> <tr> <td>Remaining Budget "Gap"</td> <td>1.9</td> </tr> </tbody> </table>		Description	£m	Projected Budget "gap"	14.4	Less:		Portfolio Business Plans	(5.7)	Corporate Financial Stewardship	(4.6)	Provisional Settlement	(2.8)	Add:		New and Emerging Pressures	0.6	Remaining Budget "Gap"	1.9
Description	£m																			
Projected Budget "gap"	14.4																			
Less:																				
Portfolio Business Plans	(5.7)																			
Corporate Financial Stewardship	(4.6)																			
Provisional Settlement	(2.8)																			
Add:																				
New and Emerging Pressures	0.6																			
Remaining Budget "Gap"	1.9																			
1.54	<p>Budget Setting Process and Timetable</p> <table border="1"> <tr> <td>Cabinet 15 November</td> <td>Stage 1 and 2 Budget Proposals</td> </tr> <tr> <td>Council 15 November</td> <td>Approval of Stage 1 Proposals</td> </tr> </table>		Cabinet 15 November	Stage 1 and 2 Budget Proposals	Council 15 November	Approval of Stage 1 Proposals														
Cabinet 15 November	Stage 1 and 2 Budget Proposals																			
Council 15 November	Approval of Stage 1 Proposals																			

	Corporate Resources	Review of corporate financial
	Overview & Scrutiny	stewardship proposals
	Council 6 December	Approval of corporate financial stewardship proposals
	Cabinet / Council Feb 2017	Final Approval of Budget 2017/18
	March 2017	Formal council tax setting
1.55	<p>The Future</p> <p>The Council has published a summary of an updated Medium term Financial Strategy (MTFS) for the current three year term. The Welsh Government has not been in a position to provide an indicative 3 year Provisional Settlement at such an early stage of its new term and in advance of the new Chancellor's first budget statement. Detailed work on a new version of the MTFS cannot be completed until there is more national information and guidance. In the meantime the forecast for 2018/19 onwards is being updated, with initial work on the scope which remains for local efficiencies and budget options.</p>	

2.00	RESOURCE IMPLICATIONS
2.01	As set out in the report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Consultation with Group Leaders, Overview and Scrutiny Committees, senior officers and service teams, and external partners have been held to date in the development of the business plans, budget proposals and resilience assessments.

4.00	RISK MANAGEMENT
4.01	All parts of the financial forecast, and all budget solutions, are risk assessed stage by stage. An overall risk assessment and risk management statement will be produced both for the revised MTFS and the draft annual budget for 2017/18. Services have already been assessed against efficiency, value for money and resilience with the assessment being reported to the Overview and Scrutiny Committees throughout July 2016.

5.00	APPENDICES
5.01	See hyper-links within the report

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Colin Everett, Chief Executive and Gary Ferguson, Corporate Finance Manager</p> <p>Telephone: 01352 702121</p> <p>E-mail: Chief.executive@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<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>Central Loan and Investment Account (CLIA): brings together the revenue costs of all Council's borrowing and investment activity. Contains; interest on debt, MRP (see below), Treasury Management costs (staff, advisors, software etc., charges for debt rescheduling undertaken in earlier years and income generated from investments. Also referred to as Capital Financing Charges.</p> <p>Minimum Revenue Provision (MRP): method for charging (debt-funded) capital expenditure to the revenue account in local authority accounts. Full Council sets an MRP policy annually selecting from a range of options contained with Welsh Regulations set by Welsh Government.</p> <p>Welsh Local Government Association: the representative body for unitary councils, fire and rescue authorities and national parks authorities in Wales.</p>