

Mr. Robert Hay  
Local Government Finance  
Revenue Branch  
Welsh Government  
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Your Ref/Eich Cyf

Our Ref/Ein Cyf

Date/Dyddiad

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Direct Dial/Rhif Union

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AS/HMS

16<sup>th</sup> November '12

Aaron Shotton

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Dear Mr Hay,

### **Provisional Local Government Finance Settlement 2013/14**

Thank you for the invitation to comment on the Local Government Provisional Settlement for 2013/14.

#### **Stability of Forecasting**

The Council fully recognises the challenge faced by Welsh Government in balancing the resource needs of public services when faced with reducing budgets and the likelihood of this continuing into the foreseeable future. In this context, the comparative support within the budget to local authorities in Wales as compared to England is acknowledged and welcomed.

The stability from the settlement being broadly in line with previous indications and the transfer into the settlement of resources at anticipated levels is welcomed. The ability to plan for future years is more critical than ever for Councils in these times of budget constraint and rising costs. It is pleasing that the transfer in of resources from specific grant is continuing in accordance with the agreed protocol.

#### **Council Tax Support Scheme Funding**

In relation to the funding of the Council Tax Support Scheme, Flintshire would prefer this to be through a specific grant for 2013/14 s set out in the recent Distribution Sub Group paper written by officers of the WLGA. This would provide a more flexible option given the size and scale of the sums involved, the uncertainties around the new scheme which are still being worked through and the potential implications for those in our communities who are most vulnerable.



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## **Ensuring sustainable budgets for the future - Cross sector review?**

The economic forecast, as set out in the recent Institute for Fiscal Studies and elsewhere, is for significant financial constraint for the remainder of this decade. We look to the Chancellors Autumn Statement on 5<sup>th</sup> December for indications of the policy direction at UK level.

Whilst understanding the economic backdrop and having in place a programme to challenge and reduce costs, maximise income and seek out efficiencies across services, continued constraint on budgets which are falling in real terms in each year, does raise real concern as to the longer term sustainability of services. As we face a further considerable period of financial constraint, we would encourage a wider cross sector review of the macro Welsh budget. This would provide a forum for discussion about the future sustainability of the budget including the continued protection for prioritised services, universal services, the resources required to sustain health services in Wales in the face of demographic change and service demands. It is critical that the whole of the public sector in Wales works together for the benefit of Welsh citizens.

## **Revenue Pressures**

Flintshire, along with all Councils, continues to face increasing service demands and the impact of inflation, which for some costs e.g. energy and fuel run well beyond average rates of inflation. The Council recognises that nil pay growth is not sustainable and pay inflation will need to return to council budgets in the near future. The impacts of Welfare Reform and the Council Tax Support Scheme are as yet unknown but are likely to add significant pressures to budgets as Councils see increased demand for welfare services and reductions in the levels of income from council tax and rent.

Whilst we welcome this years significant transfer of specific grants into the un-hypothecated settlement, it is clear that in further years a review is required on its sustainability of ministerial expectations and protections placed upon large service functions and the limiting impacts that this can have in looking at service delivery across the wider spectrum of Council services and the implications of local choice and accountability.

## **Capital Pressures**

As Councils seek to modernise and improve services and make longer term revenue savings, there is a need for unsupported borrowing which brings increased short term pressure to revenue budgets.

As capital funding continues to be imitated there is a need for increasingly creative and nationally led solutions such as borrowing and the collective use of assets which we look forward to working with Welsh Government to develop.

## **Collaboration**

In relation to the creation of the £10m collaboration Fund, the Council would wish to engage in discussion on the purpose of and access to the fund both for 2013/14 and future years and to how this may be used to further the aims of both Welsh Government and Local Government.

Yours sincerely,



**Cllr. Aaron Shotton**  
**Leader of the Council**

cc Jon Rae, Welsh Local Government Association