

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**
DATE: **THURSDAY, 16 OCTOBER 2014**
REPORT BY: **CHIEF EXECUTIVE, CHIEF OFFICER (PEOPLE AND RESOURCES), CORPORATE FINANCE MANAGER**
SUBJECT: **PROVISIONAL LOCAL GOVERNMENT SETTLEMENT**

1.00 PURPOSE OF REPORT

1.01 To provide Cabinet with details of the Provisional Welsh Local Government Settlement 2015/16.

2.00 BACKGROUND

2.01 The Provisional Local Government Settlement for 2015/16 was announced by Welsh Government on 8th October 2014. The consultation period on the provisional settlement is open until 19th November 2014.

2.02 At this stage the figures are provisional only with the final settlement expected to be received on 10th December 2014.

3.00 CONSIDERATIONS

LOCAL GOVERNMENT PROVISIONAL SETTLEMENT 2015/16

Standard Spending Assessment (SSA)

3.01 Flintshire's SSA has decreased by 1.5% over 2014/15 to £251.255m, which equates to a reduction of £3.886m.

Aggregate External Finance (AEF)

3.02 The Council's allocation of Aggregate External Finance (AEF) (made up of Revenue Support Grant and National Non Domestic Rates) has decreased by 3.4% for 2015/16 (after adjusting for transfers) which is the same as the average decrease across Wales.

3.03 Flintshire's allocation of AEF is £186.506m and this equates to £1,210 per capita, ranking Flintshire 19th out of the 22 authorities in Wales which is consistent with Flintshire's ranking in previous years.

3.04 The Settlement has not provided any indicative figures for 2016/17.

Damping Mechanism (Floors)

- 3.05 To mitigate the year on year impact on some local authorities a damping mechanism has been applied. The damping threshold means that no authority will experience a reduction of more than 4.5% on their 2014/15 allocations, when adjusted for transfers. The Council's who are supported through the floor are Powys, Monmouthshire and Ceredigion.

Transfers into Settlement

- 3.06 The Settlement advised of the following transfers into the Settlement from other funding sources:-

21st Century Schools

- 3.07 An amount of £8m (including a £4.5m uplift for 2015/16) has been transferred in across Wales for 21st Century Schools through the local government borrowing initiative. The amount identified for Flintshire is £0.376m.

Integrated Family Support Services

- 3.08 An amount of £4.6m has been transferred in across Wales for the Integrated Family Support Services. The amount identified for Flintshire is £0.144m.

Autistic Spectrum Disorder

- 3.09 An amount of £0.880m has been transferred in across Wales. The amount identified for Flintshire is £0.040m.

Transfers out of Settlement

- 3.10 The settlement also advised of the following transfers out of the Settlement:-

Student Finance Wales

- 3.11 An amount of £2.5m has been transferred out across Wales. The amount identified for Flintshire is £0.120m.

Feed Safety Controls

- 3.12 An amount of £0.490m has been transferred out across Wales. The amount identified for Flintshire is £0.022m.

National Adoption Service

- 3.13 An amount of £0.272m has been transferred out across Wales. The amount identified for Flintshire is £0.012m.

Council Tax Reduction Scheme

- 3.14 Funding has been included in the Settlement to continue to maintain Council Tax support at up to 100% depending on eligibility in 2015/16. Therefore, whilst the level of benefit to individuals can be up to 100%, the funding for the scheme has not increased year on year to take account of changing caseload or increases in council tax.

Funding for Schools and Social Care

- 3.15 As in previous years the settlement includes protection for Education funding equivalent to 1% above the uplift for the Welsh Government's revenue funding allocation from the UK Government which equates to 0.6%.
- 3.16 An additional £10m across Wales has been included in relation to Social Care services.

Specific Grants – Revenue

- 3.17 As in the past, the Settlement does not provide the full picture on specific grants although the following points can be made:-
- 3.18 Eleven Education grants have been amalgamated into one Education Improvement Grant for schools and it would appear that there is a reduction in overall funding of between 10% - 15%.
- 3.19 There are notable reductions in relation to Supporting People Grant (7.5%) and the Sustainable Waste Management Grant (3%).
- 3.20 However, some grants have increased such as the Pupil Deprivation Grant (15.2%), Flying Start (10.1%) and the Substance Misuse Action Fund (21.2%)
- 3.21 There are still twelve grants yet to be announced (totalling £160m 2014/15) most notably the post 16 provision in Schools grant.
- 3.22 The service implications of all of the above are currently being assessed.

Unhypothecated Grants

- 3.23 It is assumed the value of the Outcome Agreement Grant at the all Wales level has remained at £31.1m. Flintshire's allocation, subject to meeting performance criteria, is £1.458m.

Invest to Save Fund

- 3.24 The Settlement reminded council's of the £21.3m available through invest to save in 2015/16 for new project investment. Bids for this investment were opened on 7th October 2014. There is also an additional £1.5m in 2014/15 and 2015/16 which is available for projects contributing to carbon reduction targets and councils are invited to bring forward proposals.

Capital Settlement

- 3.25 For Flintshire, overall general capital funding has decreased by £0.043m to £6.872m. This relates to a decrease of £0.044m for Unhypothecated Supported Borrowing (to £4.272m) offset by an increase of £0.001m in General Capital Grant (to £2.600m).

Consultation Period

- 3.26 The consultation period runs from 8th October 2014 until 19th November 2014 and a formal response will be prepared and sent to Welsh Government within this period.

Impact on the Budget Position 2015/16

- 3.27 Within the Medium Term Financial Plan the Council has been planning for a reduction in AEF in the range 1.5% - 4.5% for 2015/16, which equated to a budget gap in the range £12m - £18m. The reduction of 3.4% for Flintshire equates to a revised budget gap of £16.4m.
- 3.28 Member workshops are currently being arranged to share details with regard to the proposals and budget strategy for dealing with this significant shortfall.

4.00 RECOMMENDATIONS

- 4.01 Members are requested to:

- 1) Note the details of the Provisional Settlement.
- 2) Note the impact on budget 2015/16, current position and plans for Member engagement.

5.00 FINANCIAL IMPLICATIONS

- 5.01 As detailed in the report.

6.00 ANTI POVERTY IMPACT

6.01 None.

7.00 ENVIRONMENTAL IMPACT

7.01 None.

8.00 EQUALITIES IMPACT

8.01 None.

9.00 PERSONNEL IMPLICATIONS

9.01 None.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 None.

12.00 APPENDICES

12.01 None.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

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